

1 John T. Jasnoch (CA 281605)  
2 **SCOTT+SCOTT ATTORNEYS AT LAW LLP**  
3 600 W. Broadway, Suite 3300  
4 San Diego, CA 92101  
5 Telephone: 619-233-4565  
6 Facsimile: 619-233-0508  
7 jjasnoch@scott-scott.com

8 *Attorney for Lead Plaintiff*  
9 *Bluefin Capital Management, LLC*

10 [Additional Counsel on Signature Page.]

11  
12 **UNITED STATES DISTRICT COURT**  
13 **CENTRAL DISTRICT OF CALIFORNIA**

14 ERIC WHITE, Individually and on  
15 Behalf of All Others Similarly  
16 Situated,

17 Plaintiff,

18 v.

19 BROOGE ENERGY LIMITED  
20 F/K/A BROOGE HOLDINGS  
21 LIMITED F/K/A TWELVE SEAS  
22 INVESTMENT COMPANY,  
23 NICOLAAS L. PAARDENKOOPEL,  
24 SALEH YAMMOUT, SYED  
25 MASOOD ALI, LINA SAHEB,  
26 DIMITRI ELKIN, NEIL  
27 RICHARDSON, STEPHEN N.  
28 CANNON, PAUL DITCHBURN,  
ERNST & YOUNG, and  
PRICewaterhouseCOOPERS  
LIMITED PARTNERSHIP, DUBAI  
BRANCH,

Defendants.

Case No.: 2:24-cv-00959-AH(DFMx)

**CLASS ACTION**

**AMENDED CLASS ACTION  
COMPLAINT FOR VIOLATIONS  
OF THE FEDERAL SECURITIES  
LAWS**

**DEMAND FOR JURY TRIAL**

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1           3. In brief, Brooge, a company in the oil and gas industry, fabricated its  
2 revenue for 2018, 2019, and 2020 by at times over 80%. In order to do this,  
3 Defendants undertook a fake invoicing scheme whereby they used differing sets of  
4 invoices to cover up the fact that the customer that was supposed to make up the vast  
5 majority of the Company's revenue was actually paying nothing at all. Instead,  
6 small customers were paying far lower amounts. The shortfall was covered up by  
7 both the fake invoices and transfers by and to a related company. In short, it was  
8 outright fraud.

9           4. The Class Period began when a special purpose acquisition company,  
10 or "SPAC," chose to merge with Brooge, and in the process issued a November 2019  
11 proxy statement replete with misstatements. The individuals affiliated with the  
12 SPAC, one of whom is named as a Defendant herein, were heavily motivated to  
13 consummate the merger and thus undertake the misstatements in the proxy  
14 statement, even though they had clear access to the inner workings of Brooge  
15 through the merger due diligence.

16           5. Throughout the Class Period, Defendants continued making  
17 misrepresentations concerning not only the inflated dollar amounts of revenue, but  
18 the sources of that revenue, including the fact that one of the supposed "customers"  
19 was a related party, Al Brooge International Advisory LLC ("BIA"), that was  
20 reimbursed (by Brooge) for all of the sham payments it made to the Company.  
21 Defendants also covered up a complete lack of internal controls, and even certain  
22 "risk" disclosures were misleading.

23           6. Meanwhile, two auditor companies (E&Y and PwC) shockingly issued  
24 clean audit opinions during the Class Period and utterly ignored the blatant red flags  
25 present at the Company. E&Y and PwC were fully aware, for example, that Brooge  
26 was receiving all of its revenue from BIA, an acknowledged related party, at a time  
27 when Brooge was claiming—in the public financial statements and filings that the  
28 Auditor Defendants blessed, no less—that its sole customer was an entirely different,

1 independent oil company. Despite having this knowledge, the Auditor Defendants  
2 gave Brooge clean audit opinions during the Class Period. Their audit opinions thus  
3 contained material misstatements, and they violated numerous PCAOB standards as  
4 well as the securities laws.

5 7. While the SEC investigated the Company, Defendants continued to  
6 mislead investors (and even the SEC) by failing to reveal the fraud and its depths.  
7 When the truth finally did come out, it did so in drips and drabs, until ultimately an  
8 SEC cease and desist order (the “C&D Order”) was issued in December 2023.

9 8. With that announcement and the C&D Order, the public first learned  
10 about the fraud charges brought by the SEC against Defendants based on the inflated  
11 revenues and false invoices created to support them. Unfortunately for investors, by  
12 this point the stock price for the Company had dropped a staggering 74%, while the  
13 fair value of Brooge’s warrants had dropped 98.75%.

#### 14 **JURISDICTION AND VENUE**

15 9. The claims asserted herein arise under and pursuant to Sections 10(b)  
16 and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)) and Rule 10b-5  
17 promulgated thereunder by the SEC (17 C.F.R. §240.10b-5).

18 10. This Court has jurisdiction over the subject matter of this action  
19 pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act.

20 11. Venue is proper in this Judicial District pursuant to Section 27 of the  
21 Exchange Act (15 U.S.C. §78aa) and 28 U.S.C. §1391(b) as the alleged  
22 misstatements and subsequent damages took place within this Judicial District, and  
23 the only U.S.-based Defendant, Defendant Elkin, resides in this Judicial District.

24 12. In connection with the acts alleged in this complaint, Defendants,  
25 directly or indirectly, used the means and instrumentalities of interstate commerce,  
26 including but not limited to the mails, interstate telephone communications, and the  
27 facilities of the national securities markets.

**PARTIES**<sup>1</sup>

13. Lead Plaintiff **Bluefin Capital Management, LLC**, as set forth in its previously filed certification, acquired Brooge’s publicly traded securities, including common stock and warrants, at artificially inflated prices during the Class Period and was damaged upon the revelation of the alleged corrective disclosures and/or materialization of the undisclosed risks.

14. Defendant **Brooge Energy Limited** is incorporated in the Cayman Islands, and its principal executive offices are located at Opus Tower A, 1002, Business Bay, Dubai, United Arab Emirates. Brooge was originally incorporated as Brooge Holdings Limited under the laws of the Cayman Islands as an exempted company<sup>2</sup> in April 2019 in order to effectuate the Business Combination Agreement.<sup>3</sup> The Company’s common stock traded in an efficient market on the Nasdaq Global Select Market (“NASDAQ”) under the ticker symbol “BROG” prior to its voluntary delisting in June 2025. The Company’s warrants were registered on the NASDAQ under the ticker symbol “BROGW.”

15. On December 19, 2019, Brooge acquired all of the issued and outstanding ordinary shares of Brooge Petroleum and Gas Investment Company FZE (“BPGIC FZE”),<sup>4</sup> a company formed under the laws of the Fujairah Free Zone, United Arab Emirates, which conducts its business out of an oil storage facility in

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<sup>1</sup> For ease of reference, the Parties and Other Relevant Entities, along with their classifications and the claims against them, are set forth in Appendix A hereto.

<sup>2</sup> “A Cayman Islands exempted company is a common choice for U.S. practitioners creating a foreign entity. An exempted company’s operation is conducted mainly outside the Cayman Islands. A 20-year exemption from taxation in the Cayman Islands is typically applied for.” *Blum v. C.I.R.*, 103 T.C.M. (CCH) 1099, 2012 WL 129801, at \*3 n.3 (T.C. Jan. 17, 2012).

<sup>3</sup> As defined in more detail below, “Business Combination” refers to the merger of the Twelve Seas SPAC with BPGIC FZE, *i.e.*, the process by which Brooge became a publicly traded company. The “Business Combination Agreement” refers to the agreement to proceed with the Business Combination.

<sup>4</sup> Prior to this change in ownership, the company was called Brooge Petroleum and Gas Investment Company FZC (“BPGIC FZC”).



1 Fujairah, United Arab Emirates. BPGIC FZE is Brooge’s operating subsidiary and  
2 the sole means by which Brooge operates.

3 16. As of the end of fiscal year (“FY”) 2019, there were 109,587,754  
4 ordinary shares of Brooge stock and 21,229,000 Brooge warrants outstanding.<sup>5</sup> The  
5 warrants entitled their holders to purchase one ordinary share at an exercise price of  
6 \$11.50.<sup>6</sup>

7 17. As used herein, “**Brooge**” and the “**Company**” refer to BPGIC FZE  
8 before the Business Combination, and Brooge after the Business Combination,  
9 unless otherwise specified.

10 **I. The Executive Defendants**

11 18. Defendant **Nicolaas L. Paardenkooper** (“Paardenkooper”) joined the  
12 Company in May 2017. From the time of the Business Combination, which took  
13 place in December 2019, until December 8, 2022, Defendant Paardenkooper was  
14 Brooge’s CEO and a member of its Board. When Defendant Paardenkooper  
15 resigned as Brooge’s CEO and from its Board in December 2022, he joined BPGIC  
16 Holdings—Brooge’s majority shareholder—on a full-time basis. Defendant  
17 Paardenkooper was an architect and primary beneficiary of the scheme alleged  
18 herein and made multiple false statements during the Class Period.

19 19. Defendant **Lina Saheb** (“Saheb”) joined the Company in 2013. At the  
20 time of the Business Combination, Defendant Saheb was the Chief Strategy Officer  
21 for BPGIC FZE. Following the Business Combination, Defendant Saheb retained  
22 her position with BPGIC FZE while also becoming Brooge’s Chief Strategy Officer.  
23 She became a member of Brooge’s Board in December 2020. In October 2021,  
24 Defendant Saheb was promoted to Deputy CEO. After Defendant Paardenkooper’s

25  
26 <sup>5</sup> Based on the data available to Plaintiff, it appears that only 100 warrants were  
ever exercised.

27 <sup>6</sup> According to pricing data available to Plaintiff, Brooge’s common stock  
28 closed at a price above \$11.50 per share on only thirty-three (33) days during the  
entirety of the Class Period—all in early 2020, soon after the Business Combination  
was completed.

1 resignation in December 2022, Defendant Saheb became Interim CEO. She resigned  
2 as Interim CEO and as a member of Brooge's Board in August 2023 but remained  
3 with Brooge as a consultant for at least four months following her resignation.  
4 Defendant Saheb was an architect and primary beneficiary of the scheme alleged  
5 herein and made multiple false statements during the Class Period.

6 20. Defendant **Saleh Mohamed Yammout** ("Yammout") joined the  
7 Company in October 2018 and was CFO at the time of the Business Combination.  
8 Following it, Defendant Yammout became the CFO of Brooge and a member of  
9 Brooge's Board. After Defendant Saheb resigned as Interim CEO in August 2023,  
10 Defendant Yammout became a member of the Office of the Chief Executive Officer.  
11 Defendant Yammout was a Brooge director between December 2019 and December  
12 2023 and from September 2024 through the present. Defendant Yammout was an  
13 architect and primary beneficiary of the scheme alleged herein and made multiple  
14 false statements during the Class Period.

15 21. Defendant **Syed Masood Ali** ("Masood") became Brooge's CFO in  
16 April 2020, taking over the position from Defendant Yammout. In April 2022,  
17 Brooge decided not to renew Defendant Masood's CFO contract, and a former  
18 finance manager of Brooge took over as interim CFO. Defendant Masood was an  
19 architect and primary beneficiary of the scheme alleged herein and made multiple  
20 false statements during the Class Period.

21 22. Defendant **Paul Ditchburn** ("Ditchburn") joined Brooge as its CFO in  
22 December 2022, replacing the interim CFO. After Defendant Saheb resigned as  
23 Interim CEO and the Office of the CEO was created, Defendant Ditchburn served  
24 as a member of the Office of the CEO as well as the Office's Chair. In January 2024,  
25 Defendant Ditchburn, as the last remaining member of the Office of the CEO,  
26 became the Interim CEO. In November 2024, Defendant Ditchburn was replaced as  
27 both the CFO and Interim CEO. Defendant Ditchburn was an architect and primary  
28

beneficiary of the scheme alleged herein and made multiple false statements during the Class Period.

23. Defendants Paardenkooper, Saheb, Yammout, Masood, and Ditchburn are sometimes referred to herein as the “**Executive Defendants.**”

24. The Executive Defendants possessed the power and authority to control the contents of Brooge’s SEC filings, press releases, and other market communications. The Executive Defendants were provided with copies of Brooge’s SEC filings and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or to cause them to be corrected. Because of their positions with Brooge and their access to material information available to them but not to the public, the Executive Defendants knew that the adverse facts specified herein had not been disclosed to, and were being concealed from, the public, and that the representations being made were then materially false and misleading. The Executive Defendants are liable for the false statements and omissions pleaded herein.

25. Collectively, the Executive Defendants and Brooge are sometimes referred to herein as the “**Brooge Defendants.**”

## **II. Defendant Elkin**

26. Defendant **Dimitri Elkin** (“Elkin”) served as Twelve Seas’ CEO since inception and up to the time of the Business Combination. He was a director of Twelve Seas from its inception until May 2018. When the Business Combination occurred, Defendant Elkin resigned as CEO. Defendant Elkin is liable for the misstatements in the Proxy by virtue of his role as Twelve Seas’ CEO and his control over Twelve Seas’ Sponsor, for which he was the sole managing member. Defendant Elkin also held 5,604,000, or 20.9%, of Twelve Seas’ outstanding shares based on his status as the managing member of Twelve Seas’ Sponsor before the Business Combination.

27. Collectively, the Executive Defendants and Elkin are sometimes referred to herein as the “**Individual Defendants.**”

28. Defendant Elkin, along with the since-dismissed **Neil Richardson** (“Richardson,” who was Twelve Seas’ Chairman since December 2017 and up to the time of the Business Combination, at which point he resigned) and **Stephen N. Cannon** (“Cannon,” who was Twelve Seas’ CFO since December 2017 and up to the time of the Business Combination, at which point he resigned) are sometimes referred to herein collectively as the “**SPAC D&Os.**”

### **III. The Auditor Defendants**

29. During the relevant time period, Brooge had two principal “independent” accountants: E&Y and PwC; E&Y through October 2020, and PwC from then until December 2022.

30. Defendant **Ernst & Young** (“E&Y”), sometimes referred to as Ernst & Young (Bahrain), is an accounting firm with its headquarters in Manama, Bahrain, and it is a member of the Ernst & Young network. E&Y audited Brooge’s FY2018 and FY2019 financials, among others. E&Y was replaced by PwC as Brooge’s auditor in October 2020.

31. Defendant **PricewaterhouseCoopers Limited Partnership, Dubai Branch** (“PwC”) is an accounting firm with its headquarters in Dubai, United Arab Emirates, and it is a member of the PricewaterhouseCoopers network. PwC audited Brooge’s FY2020 financials. PwC resigned as Brooge’s auditor in December 2022.

32. Collectively, E&Y and PwC are sometimes referred to herein as the “**Auditor Defendants.**”

### **OTHER RELEVANT ENTITIES**

33. **Twelve Seas Investment Co.** (“Twelve Seas”) was incorporated in the Cayman Islands (as an exempted company) as a Special Purpose Acquisition Company (“SPAC”), also known as a “blank check company,” in November 2017. Twelve Seas completed an Initial Public Offering (“IPO”) in June 2018. In

1 December 2019, as described below, Twelve Seas merged with and into another  
2 company as part of the Business Combination Agreement, after which it became a  
3 wholly owned subsidiary of the Company and changed its name to BPGIC  
4 International.

5 34. **Twelve Seas Sponsors I LLC** (“Sponsor”) is a Delaware limited  
6 liability company and the sponsor of the Twelve Seas SPAC. In that capacity, the  
7 Sponsor initiated the SPAC process and invested risk capital in the SPAC. At the  
8 time of the Business Combination, Defendant Elkin was the sole managing member  
9 of the Sponsor. The dismissed and former Defendants Richardson and Cannon were  
10 also members of the Sponsor at that time.

11 35. **BPGIC Holdings Limited** (“BPGIC Holdings”) is incorporated in the  
12 Cayman Islands and became the parent of BPGIC FZE in or around October 2019  
13 in preparation for the Business Combination. At the time of the Business  
14 Combination in December 2019, BPGIC Holdings received 98,718,035 ordinary  
15 shares of Brooge and cash in the amount of \$13,225,827.22 in exchange for the  
16 transfer of its interest in BPGIC FZE to Brooge. Immediately following the Business  
17 Combination, BPGIC Holdings held 78.2% of Brooge’s voting equity and was its  
18 controlling shareholder.

19 36. **Al Brooge International Advisory LLC** (“BIA”) is a related party or  
20 affiliate of BPGIC FZE incorporated under the laws of the United Arab Emirates.  
21 Hind Mohammed Muktar Ahmed, one of Brooge’s shareholders through entities she  
22 owns, was an owner of BIA until at least February 2020.

## 23 **SUBSTANTIVE ALLEGATIONS**

### 24 **BACKGROUND**

#### 25 **I. Background of SPACs**

26 37. A “blank check” company is a company that has no specific established  
27 business plan or purpose or has indicated that its business plan is to engage in a  
28 merger or acquisition with an unidentified company, entity, or person.

1           38. One type of blank check company is a special purpose acquisition  
2 company. A SPAC is a publicly traded company created specifically to pool funds  
3 through an initial public offering (“IPO”) for the purpose of completing an  
4 acquisition or other business combination with an existing company. Generally,  
5 SPACs are founded by public companies or private asset managers.

6           39. In order to create a SPAC, founders must invest the initial capital to  
7 recruit an investment bank, prepare and file IPO documentation, and pre-market the  
8 investment offering to interested investors. An appointed management team  
9 (typically the SPAC’s founders) then has a specified time period, typically between  
10 18 and 24 months, in which to identify an appropriate target to complete the merger  
11 or acquisition. Although the only purpose of a SPAC is to acquire a target company,  
12 SPACs generally have corporate governance structures like other operating  
13 companies.

14           40. Typically, common shareholders of a SPAC are granted voting rights  
15 to approve or reject the business combination proposed by the management team.  
16 Thus, when the management team identifies a target, a merger proxy statement must  
17 be distributed to all SPAC shareholders, which includes the target company’s  
18 complete audited financials and the terms of the proposed business combination. To  
19 this end, shareholders in SPACs depend on management to honestly provide  
20 accurate information about any contemplated transactions. In anticipation of the  
21 shareholder vote, each SPAC shareholder has three options; they can: (i) approve  
22 the transaction by voting in favor of it; (ii) elect to sell their shares in the open  
23 market; or (iii) vote against the transaction and redeem their shares for a pro-rata  
24 share of the trust account.

25           41. If a merger or acquisition is successfully made within the allocated time  
26 frame, shareholders and management of the SPAC can profit through their  
27 ownership of the common stock and any related securities. However, if an  
28 acquisition is not completed within the time period specified when the SPAC is



1 organized, then the SPAC is automatically dissolved and the money held in trust is  
2 returned back to investors. No salaries, finder's fees, or other cash compensation  
3 are paid to the founders and/or management team if they fail to consummate a  
4 successful business combination. Accordingly, the founders and management team  
5 of a SPAC, who typically own approximately 20% of the company through  
6 founders' shares and invest significant resources in the formation of the company  
7 and identifying acquisition targets, are highly incentivized to get a qualifying  
8 transaction approved within the operating deadline.

9 42. Indeed, leaders in the finance industry have opined that SPAC  
10 management teams have an incentive to spend the money they have raised no matter  
11 what so they can collect fees and pay themselves in salary and stock options at the  
12 company they purchase. For example, Ben Dell, managing partner of investment  
13 firm Kimmeridge Energy, stated that "SPACs are the most egregious example in the  
14 industry of *executive misalignment with investors*."<sup>7,8</sup> In addition to the reward of  
15 paying themselves a handsome salary, SPAC management teams are incentivized to  
16 not waste the significant time and financial resources they expended upfront on legal  
17 and financial advisors to set up the investment vehicle.

18 43. SEC Chairman Gary Gensler expressed concern over the disclosure,  
19 marketing practices, and liability issues surrounding SPACs and said he has asked  
20 his staff to prepare associated recommendations. In a speech given on or about  
21 December 9, 2021, Gensler said he wants to address the differences in protections  
22 for investors between traditional IPOs and the two-step process for SPACs. Included  
23 in his speech were the following<sup>9</sup>:

24 \_\_\_\_\_  
25 <sup>7</sup> Christopher M. Matthews, *Investors Handed an Oilman a 'Blank Check'*  
26 *Company. Here's How It Turned Out.*, THE WALL STREET JOURNAL (Apr. 15, 2019),  
[https://www.wsj.com/articles/investors-handed-an-oilman-a-blank-check-](https://www.wsj.com/articles/investors-handed-an-oilman-a-blank-check-company-heres-how-it-turned-out-11555328147)  
[company-heres-how-it-turned-out-11555328147](https://www.wsj.com/articles/investors-handed-an-oilman-a-blank-check-company-heres-how-it-turned-out-11555328147)

27 <sup>8</sup> Unless otherwise indicated, emphasis is added and citations are omitted.

28 <sup>9</sup> McCord Pagan, *SEC's Chair Expresses Concern Over SPAC Deals*, LAW360  
(Dec. 9, 2021), [https://www.law360.com/articles/1447310/sec-s-chair-expresses-](https://www.law360.com/articles/1447310/sec-s-chair-expresses-concern-over-spac-deals)  
[concern-over-spac-deals](https://www.law360.com/articles/1447310/sec-s-chair-expresses-concern-over-spac-deals).

1 “What’s more, retail investors may not be getting adequate information  
2 about how their shares can be diluted throughout the various stages of  
3 a SPAC,” Gensler said.

4 Gensler also said some *SPAC merger announcements are made  
5 without full disclosures* or proxy statements and with slide decks and  
6 celebrity endorsements.

7 “SPAC sponsors may be priming the market without providing robust  
8 disclosures to the public to back up their claims. Investors may be  
9 making decisions *based on incomplete information* or just plain old  
10 hype,” he said.

11 *“Functionally, the SPAC target IPO is akin to a traditional IPO.  
12 Thus, investors deserve the protections they receive from traditional  
13 IPOs, with respect to information asymmetries, fraud and conflicts  
14 and when it comes to disclosure, marketing practices and  
15 gatekeepers,”* Gensler said.

16 44. As set forth herein, Twelve Seas exemplified the problem with SPACs.  
17 Under pressure to find a target company or lose more than \$40 million, the SPAC  
18 D&Os landed on Brooge—a private company operating outside the United States  
19 “in an industry sector...outside of Twelve Seas’ management’s area of expertise.”<sup>10</sup>  
20 The SPAC D&Os were incentivized to, and did, consummate the Business  
21 Combination Agreement that was not in the best interests of public investors, all  
22 while assuring investors that Brooge was profitable and on track to grow its revenue  
23 based on its purportedly established take-or-pay contracts, as described in greater  
24 detail below.

## 25 **II. Twelve Seas and the Business Combination Agreement**

26 45. On June 22, 2018, Twelve Seas closed its IPO of 18 million Units<sup>11</sup> for  
27 gross proceeds of \$180 million. On June 28, 2018, Twelve Seas consummated the  
28 sale of an additional 2.7 million Units, which were subject to an over-allotment  
option granted to the underwriters of its IPO, for gross proceeds of \$27 million. In  
total, Twelve Seas raised \$207 million in gross proceeds from the IPO.

<sup>10</sup> Definitive Proxy Statement filed by Twelve Seas/Brooge on November 25, 2019 (the “Proxy”).

<sup>11</sup> Each Unit consisted of one ordinary share, one Warrant to acquire one ordinary share at a price of \$11.50, and one Right entitling the holder thereof to receive one-tenth (1/10) of one ordinary share.



46. Following the IPO, Twelve Seas began searching for a target company to acquire before finally deciding to sign the Business Combination Agreement with Brooge on April 15, 2019. The parties to the Business Combination Agreement were Twelve Seas, Brooge Merger Sub Limited (“Merger Sub”), Brooge, BPGIC FZE, and BPGIC FZE’s shareholder (the “Seller”). Pursuant to the Business Combination Agreement, (1) the Merger Sub was to merge with Twelve Seas, with Twelve Seas surviving the merger and each of the former security holders of Twelve Seas receiving securities of Brooge (the “Merger”); and (2) the outstanding ordinary shares of BPGIC FZE were to be exchanged by the Seller for Ordinary Shares of Brooge (the “Share Exchange” and together with the Merger and the other transactions contemplated by the Business Combination Agreement, the “Business Combination”).

47. Following the approval of the Business Combination as discussed below, the SPAC D&Os ceased to have any role in Twelve Seas, which became a wholly owned subsidiary of Brooge pursuant to the Business Combination Agreement.

### **III. Background of Brooge**

48. BPGIC FZE (f/k/a Brooge Petroleum and Gas Investment Company FZC), Brooge’s operating subsidiary, was incorporated in the Fujairah Free Zone, UAE, in 2013 to provide oil storage, heating, and blending services. It was also licensed to engage in trading and storing all varieties of oil products and gas and exploring and extracting crude oil and gas in both onshore and offshore fields.

49. In 2013, BPGIC FZE entered into two 60-year land leases for a parcel of land to build and operate the BPGIC Terminal in the Port of Fujairah. In the following years, BPGIC FZE proceeded to plan and construct the first phase of its terminal project, which consisted of 14 oil storage tanks with an aggregate geometric oil storage capacity of approximately 0.399 million m<sup>3</sup> (“Phase I”). Phase I was completed and became fully operational in 2018. The second phase, which consisted

1 of eight oil tanks with an aggregate geometric oil storage capacity of approximately  
2 0.601 million m<sup>3</sup> (“Phase II”), commenced operations in September 2021.

3 50. Phase I’s operations were focused primarily on the storage, heating, and  
4 blending of fuel oil and clean petroleum products. Phase II was focused primarily  
5 on the storage and blending of crude oil and clean petroleum products.

6 51. Brooge generated revenue from the leasing of its oil tanks. In addition  
7 to a monthly service fee (from which Brooge generated the majority of its revenue),  
8 Brooge charged its customers variable fees based on their usage of additional  
9 ancillary services, like blending and heating fees.

10 52. As of December 31, 2019, Brooge employed 16 employees and 47  
11 contractors. By 2021, that number had grown to 24 employees and 64 contractors.  
12 Those numbers remained relatively static in 2022 and 2023.

13 **A. The Proxy and Customer Contracts**

14 53. In the Definitive Proxy Statement filed by Twelve Seas/Brooge on  
15 November 25, 2019 (the “Proxy”) in connection with the Business Combination  
16 Agreement, Brooge laid out an ambitious plan for expansion in the coming years.  
17 By that point, Brooge’s Phase I oil storage tanks were fully operational, and it had  
18 plans to expand with Phase II, which would have fewer tanks but boast a larger total  
19 storage capacity than Phase I. Importantly, Brooge purported to have secured critical  
20 deals to “de-risk” the start-up of its operations for both Phase I and Phase II.

21 54. With respect to Phase I, the Proxy stated that Brooge had entered into  
22 an agreement, effective December 2017, with a single customer (the “Phase I  
23 Customer,”<sup>12</sup> later revealed to be Coral Energy Pte Ltd) to lease all 14 oil storage  
24 tanks in Phase I. The Phase I Customer, which the Proxy stated was “an international  
25

26 <sup>12</sup> The Phase I Customer is the same as the “Customer A” mentioned in the  
27 December 22, 2023 Order Instituting Cease-And-Desist Proceedings, Pursuant to  
28 Section 8a of the Securities Act of 1933 and Section 21c of the Securities Exchange  
Act of 1934, Making Findings, and Imposing a Cease-And-Desist Order, filed in the  
Matter of Brooge Energy Limited, Nicolaas Lammert Paardenkooper, and Lina  
Saheb (Admin Proceeding No. 3-21816) (the “C&D Order”).

1 energy trading company,” would pay Brooge both a monthly fixed storage fee to  
2 lease all of Phase I’s storage capacity (irrespective of whether the Phase I Customer  
3 utilized any storage capacity) and monthly variable ancillary service fees based on  
4 its use of the ancillary services offered by Brooge.

5 55. As a result of this “take-or-pay” agreement, the Phase I Customer  
6 purportedly accounted for 100 percent of Brooge’s revenue for the year ended  
7 December 31, 2018.

8 56. With respect to Phase II, the Proxy stated that Brooge had entered into  
9 a similar agreement in June 2018 with another customer (the “Phase II Customer,”  
10 later revealed to be Gunvor Singapore Pte Ltd), purportedly “an international  
11 commodities trading company.” Similar to the agreement with the Phase I  
12 Customer, under this agreement, the Phase II Customer would agree to lease all eight  
13 of the Phase II tanks for a monthly fixed fee and pay additional variable fees for  
14 ancillary services.

15 57. As set forth in the Proxy, in August and September 2019, respectively,  
16 Brooge restructured its relationship with the two customers and entered into two new  
17 agreements with a single customer: Al Brooge International Advisory LLC (“BIA”).  
18 These new agreements were made “on identical price terms and otherwise on  
19 substantially the same terms” as the existing agreements with the Phase I and II  
20 Customers. BIA, under the new agreements, “assumed [Brooge]’s rights and  
21 obligations” under the old agreements and subleased the oil tanks to the Phase I and  
22 II Customers under novated agreements with those Customers. BIA had an  
23 “independent” obligation to pay Brooge the monthly fixed storage fees regardless of  
24 whether the Customers paid BIA. The new Phase I and Phase II agreements were  
25 for initial periods of four and five years, respectively, with renewal periods of five  
26 years.

**B. Brooge's Reported Revenue and Audit Opinions Between 2018 and 2020**

58. In the Proxy, Brooge stated that the Phase I and II Customer Agreements (and the subsequent agreements with BIA) were intended to “de-risk” the early stages of the BPGIC Terminal’s operations by providing a “[s]table and predictable revenue stream for storage services.” That prediction appeared to be borne out in the revenue numbers Brooge reported in the Proxy for FY2018 (\$35,839,268) and the first half (“1H”) of FY2019 (\$22,042,687).

59. The FY2017, FY2018, and 1H FY2019 financials reported in the Proxy were audited by E&Y. E&Y also audited Brooge’s financials for FY2019, which were reported, *inter alia*, in a Form 20-F that Brooge filed on June 30, 2020. The Form 20-F reported revenue for FY2019 of \$44,085,374.

60. On October 8, 2020, Brooge announced that the Company’s Audit Committee was appointing PwC as Brooge’s independent registered public accounting firm, effective immediately. The Form 6-K announcing PwC’s replacement of E&Y was clear that during FY2018, FY2019, and the year to date for FY2020, “there were no disagreements with E[&]Y, on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of E[&]Y, would have caused it to make reference to the subject matter of such disagreements in its report on the Company’s financial statements for such period.” The Form 6-K also confirmed that during the same time period there were no “reportable events,” except the “identified material weaknesses in the Company’s internal control over financial reporting,” discussed further below at ¶227. E&Y provided Brooge with a letter to accompany Form 6-K, which stated that they were in general agreement with the statements in the Form 6-K, or had no basis to agree or disagree with them.

61. PwC took over as Brooge’s auditor for FY2020 and provided a clean audit opinion for that year in Brooge’s FY2020 Form 20-F, which was filed on April

1 5, 2021, though PwC did not express an opinion on Brooge’s internal controls over  
2 financial reporting. The Form 20-F for FY2020 no longer listed Brooge’s ability to  
3 continue as a going concern as a material uncertainty.

4 62. PwC was to remain Brooge’s auditor for FY2021. By August 2022,  
5 however, the Form 20-F for FY2021 had yet to be filed, and on August 17, 2022,  
6 Brooge filed a Form 6-K announcing that its prior financials for FY2018, FY2019,  
7 and FY2020 could no longer be relied upon. The Form 6-K stated:

8 On August 12, 2022, the Audit Committee of the Board of Directors of  
9 Brooge Energy (the “Audit Committee”), in consultation with the  
10 Company’s management (“Management”), concluded that Brooge  
11 Energy’s previously issued audited consolidated financial statements as  
12 of and for the periods ending December 31, 2020, 2019, and 2018, and  
the previously issued unaudited financial statements for interim periods  
therein and the six months ended June 30, 2021...should no longer be  
relied upon.

13 Similarly, any press releases, earnings releases, and investor  
14 communications describing the Company’s financial performance for  
the above-referenced periods should no longer be relied upon.

15 The non-reliance decision is a result of the on-going examination  
16 undertaken by the Audit Committee, with the assistance of a respected  
17 global law firm and an expert accounting consultancy firm, in response  
18 to the previously noted examination being conducted by the SEC into  
19 the Company’s financial statements. The Audit Committee’s non-  
20 reliance decision focuses primarily on revenue recognition and other  
financial reporting and disclosure issues. The Audit Committee is  
working towards a remediation plan to amend and restate its financial  
statements for the affected periods as soon as practicable and to  
remediate material weaknesses in its internal controls over financial  
reporting and the effectiveness of disclosure controls and procedures.

21 The Audit Committee has discussed the matters described above with  
22 Management and PricewaterhouseCoopers (Dubai Branch), Brooge  
23 Energy’s current independent registered public accounting firm. The  
Audit Committee has also discussed the matters described above with  
Ernst & Young, Brooge Energy’s former independent registered public  
accounting firm.

24 63. As such, the non-reliance was framed as being predicated “primarily on  
25 revenue recognition and other financial reporting and disclosure issues” that could  
26 be addressed by a proposed “remediation plan” targeting its internal control  
27 weaknesses—not the wholesale fraud that would later be revealed.  
28

64. Then, on January 5, 2023, Brooge filed a Form 6-K announcing that PwC had resigned as its auditor. On January 20, 2023, Brooge filed another Form 6-K with a letter from PwC attached which explained the reasons for PwC's resignation, which included serious concerns regarding current (Defendant Saheb) and former (Defendant Paardenkooper) senior management. *See* ¶129.

65. On April 26, 2023, Brooge filed a Form 20-F for FY2022 with a new auditor, Affiniax AAS, which included revenue restatements for FY2018, FY2019, and FY2020.

### **THE UNDISCLOSED FACTS**

66. During the Class Period, the Brooge Defendants were engaging in a pervasive and damaging fraudulent scheme in order to make it appear to the investing public that the Company's revenue for FY2018-2020 was far higher than it actually was.

67. In short, the Brooge Defendants claimed that the revenue numbers were based on a take-or-pay contract under which 100% of the Company's facilities were guaranteed to be leased to a given customer at specific rates, and under which the customer agreed to pay set rates for certain ancillary services. In reality, though, the Company received nothing from the supposed "100%" customer and was actually only being compensated for storage and ancillary services used by other customers, and at far lower rates than those specified in the take-or-pay contract.

68. The Brooge Defendants were able to conceal the vastly overstated revenue figures from investors by creating multiple sets of invoices and by making up any differences through yet more fake invoices and transfers from and to a related party, BIA. At the same time, the Company suffered from a massive lack of internal controls. None of this was disclosed to investors.

69. While the fake invoicing scheme was initially revealed to the market via the SEC's issuance of a Cease & Desist Order (*see infra*, ¶132), Plaintiff's independent investigation has now confirmed the scheme proceeded as outlined in



1 the C&D Order. As discussed further below, there can be no doubt that the Brooge  
2 Defendants operated the scheme as stated and that management was fully aware of  
3 and involved in the fraud.

4 **I. Brooge’s 2018-2020 Revenue Was Grossly Overstated Due to the**  
5 **Accounting Fraud**

6 70. Unbeknownst to investors, Brooge’s revenue for the years ending 2018,  
7 2019, and 2020 was grossly overstated due to a pervasive and egregious accounting  
8 fraud.

9 71. Brooge’s revenue numbers were based on the alleged lease of 100% of  
10 its Phase I facilities during these years at a monthly rate of \$5.00 per cubic meter for  
11 storage and a rate of \$1.70 for ancillary services. However, the revenue Brooge  
12 *actually* generated was at rates and volumes substantially less than the rates and  
13 volumes that served as the basis for Brooge’s reported revenue.

14 72. Brooge’s public filings stated that from December 12, 2017 until  
15 August 2019, it had a take-or-pay contract with a single customer—the Phase I  
16 Customer (referred to as the “Phase I End User” in Brooge’s filings)—pursuant to  
17 which the Phase I Customer allegedly agreed to lease 100% of Brooge’s Phase I  
18 storage tanks at a monthly rate of \$5.00 per cubic meter for storage and a rate of  
19 \$1.70 for ancillary services. The Phase I Customer had to pay for the storage  
20 regardless of whether or not it (or a sublessee) actually used the storage. However,  
21 the Phase I Customer never stored *any* oil and never paid *anything* to Brooge.<sup>13</sup>

22 73. Instead, Brooge leased storage to other end users, who were apparently  
23 invoiced and paid in the ordinary course at lower rates and for less than the full  
24 volume. Defendants Paardenkooper and Saheb were not only fully aware of this  
25 scheme but actively participated in it. For example, in a March 18, 2018 email from  
26  
27

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28 <sup>13</sup> C&D Order ¶15.

Paardenkooper to members of Brooge's finance team, on which Saheb was copied, Paardenkooper wrote:

Kindly prepare the storage fee invoice for Sahara on priority basis so we can send it out by today itself. The new capacity and price are as per below and will be supported by the renewed 3 months contract that has been send [sic] to Sahara today for signature collection.

**A separate invoice to be prepared for Coral [i.e., the Phase I Customer] for auditing purpose to my information.**

New capacity [for Sahara] is 104072 M3 at a price of **3 USD per month** making a total of 312216 USD.

74. The email confirms that Defendants Paardenkooper and Saheb, and others at the Company, were preparing one invoice for storage fees to an apparent actual customer ("Sahara") for a small amount of the Phase I storage capacity for just three months, while at the same time preparing another "separate" invoice just "for auditing purposes" to "Coral," the purported Phase I Customer that Defendants had repeatedly represented was the sole customer paying all of the fees for the entirety of the Phase I storage on a "take or pay" basis under a five-year contract.

75. The rate that the *actual* customer—Sahara Energy Resource Limited ("Sahara")<sup>14</sup>—was invoiced for (\$3.00 USD per cubic meter per month) was \$2.00 less per cubic meter per month than Brooge represented in multiple public filings that its Phase I Customer was paying.<sup>15</sup> Following this email, two invoices were prepared: one to Sahara on the terms above (with the invoice description stating the invoice was for "[t]ank rental charges"), and one for the purported Phase I Customer for the same total amount—\$312,216 USD—but at a rate of \$5.00 per cubic meter per month to match the terms of Brooge's purported agreement with the Phase I Customer. To make the numbers work, the second invoice was for a smaller storage

<sup>14</sup> Sahara was not the Phase I Customer, and at that point, Phase I was the only storage facility Brooge had constructed and leased.

<sup>15</sup> For example, in the Proxy, Brooge stated that the Phase I Customer had "paid [Brooge] (i) *a monthly fixed storage fee to lease all of Phase I's storage capacity* (irrespective of whether the Phase I [Customer] used any storage capacity)." Similar misstatements are set forth below (¶¶104-112) and in Appendix B hereto.



1 capacity: 62,443.20 cubic meters instead of the 104,072 cubic meters that Sahara  
2 actually leased.

3 76. This incident exactly mirrors the conduct subsequently outlined in the  
4 C&D Order, which described an incident in December 2018 in which “one customer  
5 rented a tank with a storage capacity of 41,563 cubic meters at a rate of \$2.30, for a  
6 total of \$95,594.90,” but for which two sets of invoices were prepared: “[a]n invoice  
7 in that amount [which] was issued to and paid by that customer,” *and* “[a] second  
8 set of invoices [which were] addressed to [the Phase I Customer]” and which  
9 “reflected the same total amounts as the real invoices but at the contractual storage  
10 rate of \$5.00 per cubic meter.”<sup>16</sup> Although “the total amount of \$95,594.90 in the  
11 invoice to the customer referenced above matched the total amount in the duplicate  
12 invoice to [the Phase I Customer], . . . the storage rate was adjusted upward to \$5.00  
13 per cubic meter” and “the storage quantity was adjusted downward on the [Phase I  
14 Customer] invoice to 19,118.98 cubic meters” for the Phase I Customer invoice in  
15 order “[t]o make the math consistent.”<sup>17</sup>

16 77. In August 2019, Brooge “restructured” its contract with the Phase I  
17 Customer to effectively replace the Phase I Customer with BIA. The terms and rates  
18 otherwise remained the same. Like the Phase I Customer, however, BIA *never*  
19 *stored any oil with Brooge*.<sup>18</sup>

20 78. Brooge’s customers also used almost no ancillary services, and when  
21 they did, it was at rates lower than those specified in the take-or-pay contracts.<sup>19</sup>

22 79. The revenue Brooge reported to investors, however, was premised on  
23 the fiction of the take-or-pay contracts with the Phase I Customer and BIA, and *not*  
24 the revenue that Brooge was actually generating from customers’ more limited usage  
25

26 <sup>16</sup> C&D Order ¶16.

27 <sup>17</sup> C&D Order ¶16.

28 <sup>18</sup> C&D Order ¶19.

<sup>19</sup> C&D Order ¶14.

of its service. As a result, between 2018 and 2020, Brooge's revenue was overstated as follows:

Year Ended	Revenue as Reported	Revenue as Restated	% Change
2018	\$35,839,268	\$6,387,348	-82.18%
2019	\$44,085,374	\$15,885,219	-63.97%
2020	\$41,831,537	\$27,191,176	-35.00%

## II. The Fake Invoicing Scheme Enabled the Accounting Fraud

80. Therefore, Brooge never generated any revenue from its alleged take-or-pay contracts with either the Phase I Customer or BIA. It was those contracts, though, which served as the basis for Brooge's reported revenue. To effectuate and conceal the accounting fraud, the Brooge Defendants engaged in an unreported fake invoicing scheme. The fake invoicing scheme worked in two primary ways.

81. *First*, the Brooge Defendants would take real revenue and create fake invoices to the Phase I Customer or BIA for that amount, but with the rates and volumes adjusted to match the terms of the take-or-pay contract.

82. For example, the customers in ¶¶75 and ¶76 above rented storage in March and December 2018 at rates of \$3.00 and \$2.30 per cubic meter of storage, respectively. This was far less than the \$5.00 per cubic meter of storage that Brooge said it was receiving from the Phase I Customer and BIA under the terms of the alleged take-or-pay contract. In both instances, invoices to the Phase I Customer were created for that amount, but with the storage volume adjusted downward so the rate per cubic meter matched the rate in the take-or-pay contracts (\$5.00 per cubic meter). Between December 2017 and July 2019, more than *one hundred* invoices to the Phase I Customer were created in this manner.<sup>20</sup>

83. This practice of fabricating invoices to the Phase I Customer in amounts that matched payments from Brooge's actual customers continued when BIA

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<sup>20</sup> C&D Order ¶16.

1 replaced the Phase I Customer in August 2019: the total amounts invoiced matched  
2 real customers' spending, but the storage volume was adjusted to match the rate in  
3 the take-or-pay contracts. Additionally, some of the invoices re-characterized  
4 ancillary services as "storage fees." Between August 2019 and December 2020,  
5 more than *two hundred* invoices to BIA were created in this manner.<sup>21</sup>

6 84. These "adjusted" invoices, however, fell short of the revenue promised  
7 by the take-or-pay contracts. To make up the difference, Defendants engaged in a  
8 further form of fake invoicing.

9 85. *Second*, large, month-end invoices to the Phase I Customer and BIA  
10 were created to fill any gaps between the contractual revenue Brooge was reporting  
11 and the revenue it was actually generating.

12 86. Between January 2018 and July 2019, Brooge created monthly invoices  
13 to the Phase I Customer to cover any such "shortfalls." The majority of these  
14 invoices were in amounts ranging from \$2.5 million to \$3.4 million.<sup>22</sup> Though these  
15 invoices were made out to the Phase I Customer, it was BIA that sent funds to make  
16 up the difference—critically, *even before* BIA purportedly took over the Phase I  
17 Customer contract.

18 87. For example, in June 2018, a lower-level employee at Brooge sent an  
19 email to Brooge's finance manager, copying Defendants Paardenkooper and Saheb,  
20 explaining that Brooge "need[ed] to receive USD 5.8 million from Coral," the Phase  
21 I Customer, before June 30, 2018 "in order to have a clean Audit Report for 30th  
22 June, as well as the working capital for IPO." Brooge's finance manager responded  
23 to that email, still copying Defendants Paardenkooper and Saheb, and stated that "we  
24 have already received USD 3.4 Million in June 2018 till now and expect another  
25 USD 1.67 Million by tomorrow or day after tomorrow as per latest updates."

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27  
28 <sup>21</sup> C&D Order ¶20.

<sup>22</sup> C&D Order ¶17.

1           88. Plaintiff’s counsel has uncovered evidence that further confirms these  
2 payments were actually made by BIA—not the Phase I Customer. Bank statements  
3 that Plaintiff’s counsel has reviewed contain two deposits from BIA into Brooge’s  
4 account on or prior to the date of the final email in the thread: one from June 20,  
5 2018 (in the amount of United Arab Emirates Dirham (“AED”) 6,034,637.47) and  
6 one from June 24, 2018 (in the amount of AED 6,131,700.62). Together, at  
7 prevailing exchange rates, these check deposits came to approximately the USD 3.4  
8 million that Brooge’s finance manager claimed they had received up to June 24,  
9 2018. Plaintiff’s counsel has also reviewed two other checks from June 2018 made  
10 out to Brooge from BIA: one for AED 3,200,500 (June 24, 2018), and one for AED  
11 3,958,099.22 (June 26, 2018). The latter two checks, when combined and assessed  
12 at the prevailing exchange rates, amount to roughly the USD 1.67 million that  
13 Brooge’s finance manager claimed was coming. All three checks, however, were  
14 from BIA and not the Phase I Customer, which was supposed to be the sole source  
15 of Brooge’s revenue at the time.

16           89. This incident is, once again, entirely consistent with the practices  
17 outlined in the C&D Order, which described Brooge as using funds transferred from  
18 BIA to bridge the gap between its actual, legitimate revenue and the revenue it was  
19 supposed to be generating based on its purported take-or-pay contract with the Phase  
20 I Customer.<sup>23</sup>

21           90. The same practice continued once BIA replaced the Phase I Customer  
22 in the take-or-pay contract. Between August 2019 and December 2020, Brooge  
23 created monthly invoices to BIA to cover the shortfalls, the majority of which were  
24 in amounts ranging from \$1.5 million to \$2.5 million.<sup>24</sup>

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28 <sup>23</sup> C&D Order ¶17.

<sup>24</sup> C&D Order ¶21.

**III. BIA's Related-Party Status Enabled the Accounting Fraud**

91. Investors were assured in the Proxy that there was a single conflict of interest between Brooge and the counterparty to its take-or-pay contract, BIA: Hind Mohammed Muktar Ahmed ("Muktar"), who was a partial owner of BIA and held an 8.0% ownership stake in Brooge immediately after the Business Combination. The Proxy further assured investors that after a "planned sale" of Muktar's shares in BIA, BIA would no longer be a related party.

92. Though investors were assured BIA would no longer be a related party after Muktar sold her shares, just the opposite was true. BIA not only remained a related or affiliated party, but it was a critical component of the fake invoicing scheme and accounting fraud outlined above. In fact, BIA had no meaningful business operations aside from participating in the accounting fraud and fake invoicing scheme as described herein, and representatives of Brooge even opened bank accounts for BIA.<sup>25</sup>

93. BIA assisted Brooge with payment of the fake invoices sent to both the Phase I Customer and BIA itself.

94. With respect to the Phase I Customer, BIA wrote checks to Brooge that were recorded in the Company's general ledger as payments by the Phase I Customer. BIA was then reimbursed for these payments when Brooge wrote checks for corresponding amounts back to BIA. Brooge and BIA engaged in a similar practice once the invoices were to BIA itself, with BIA writing checks to Brooge and Brooge then writing checks back to BIA to reimburse it.<sup>26</sup> Importantly, Plaintiff's counsel has uncovered at least 45 checks totaling more than AED 87 *million* that were made out from BPGIC FZC to BIA. All of these checks date back to 2018 and early 2019, before BIA took the place of the alleged Phase I Customer in the take-or-pay agreement (and when there was no reason for Brooge to be writing

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<sup>25</sup> C&D Order ¶18.  
<sup>26</sup> C&D Order ¶¶17, 21.

checks to BIA, a related party). The existence of the payments to BIA, prior to any client relationship, confirms the statements made in the C&D Order.

**MATERIALLY FALSE AND MISLEADING**  
**STATEMENTS ISSUED DURING THE CLASS PERIOD**<sup>27</sup>

95. Rather than disclose even some of the issues, schemes, and lack of controls at the Company, the Brooge Defendants embarked on a spree of outright misstatements and omissions to the market. Those misstatements included not only the fictitious revenue figures, but several statements explaining the source of that revenue and the role BIA played in the reported revenue.

96. Furthermore, while stating that the Company had certain controls and procedures, the Brooge Defendants utterly omitted that the Company was in fact suffering from a complete and total lack of internal controls. Meanwhile, in the face of all these red flags, both E&Y and PwC issued audit statements replete with misrepresentations as outlined herein.

**I. The Brooge Defendants' Revenue Misstatements**

97. Brooge's revenues were grossly overstated from 2018 through 2020 in two material ways. *First*, Brooge's reported fixed-fee storage revenues were based on the alleged leasing of 100% of its Phase I storage capacity at a rate of \$5.00 per cubic meter, when in reality less than 100% of its Phase I storage capacity was being leased—and at lower rates. *Second*, to the extent customers were using the ancillary services offered by Brooge, it was also at lower frequencies and rates than those reflected in Brooge's reported revenue.

98. As a result, Brooge's revenue from 2018-2020 was vastly overstated. To support the overstated revenue numbers, Defendants also made multiple misstatements regarding the sources and reliability of the revenue Brooge was generating.

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<sup>27</sup> For ease of reference, the misstatements and accompanying details, including date, source, and speaker, are set forth in Appendix B hereto.

**A. Brooge's Overstated Revenue Numbers**

99. First, Brooge misstated its actual revenue numbers for FY2018-2020 as described below.

100. Brooge misstated its revenue for 2018, which it reported as \$35,839,268, but which was actually \$6,387,348, or **82% less than reported**. This misstatement was reported numerous times during the Class Period, including in the Proxy, the FY2019 Form 20-F, the amended FY2019 Form 20-F filed on November 27, 2020, the July 1, 2020 Form 6-K, a Summer 2020 Investor Presentation filed as an exhibit to a Form 6-K on July 20, 2020, the August 17, 2020 Form F-1 Registration Statement, the August 24, 2020 Prospectus (424B3), the February 4, 2021 Post-Effective Amendment No. 1 to the Form F-1 Registration Statement, the FY2020 Form 20-F, and the amended FY2020 Form 20-F filed on April 6, 2021. Furthermore, Defendants Paardenkooper and Masood repeated the overstated 2018 revenue figures on the July 7, 2020 earnings call. *See* Appendix B.

101. Brooge also misstated its revenue for 2019, which it reported as \$44,085,374, but was actually \$15,885,219, or **64% less than reported**. This misstatement was reported numerous times during the Class Period, including in the FY2019 Form 20-F, the amended FY2019 Form 20-F filed on November 27, 2020, the July 1, 2020 Form 6-K, a Summer 2020 Investor Presentation filed as an exhibit to a Form 6-K on July 20, 2020, the August 17, 2020 Form F-1 Registration Statement, the August 24, 2020 Prospectus (424B3), the February 4, 2021 Post-Effective Amendment No. 1 to the Form F-1 Registration Statement, the FY2020 Form 20-F, and the amended FY2020 Form 20-F filed on April 6, 2021. *See* Appendix B.



1 102. Overstated revenue figures were also reported for the first half of 2019  
2 in the Proxy and the November 30, 2020 Form 6-K.<sup>28</sup> Furthermore, Defendants  
3 Paardenkooper and Masood repeated the overstated 2019 revenue figures on the July  
4 7, 2020 earnings call and the overstated revenue figures for the first half of 2019 on  
5 the November 30, 2020 earnings call.

6 103. Finally, Brooge also misstated its revenue for 2020, which it reported  
7 as \$41,831,537, but was actually \$27,191,176, or **35% less than reported**. This  
8 misstatement was reported numerous times during the Class Period, including in the  
9 FY2020 Form 20-F and the amended FY2020 Form 20-F filed on April 6, 2021.  
10 Overstated revenue figures were also reported for the first half of 2020 in the  
11 November 30, 2020 Form 6-K and the September 13, 2021 Form 6-K.<sup>29</sup>  
12 Furthermore, Defendants Paardenkooper and Masood repeated the overstated  
13 revenue figures for the first half of 2020 on both the November 30, 2020 earnings  
14 call and the September 15, 2021 earnings call. *See* Appendix B.

15 **B. Other Misstatements Related to Brooge's Overstated Revenues**

16 104. Defendants also made misstatements related to the sources and  
17 reliability of the alleged revenue it was generating in order to provide false support  
18 for it.

19 105. Specifically, between 2018 and 2020, Defendants reported that Brooge  
20 was receiving 100% of its revenue from the Phase I Customer (up to August 2019)  
21 and BIA (from August 2019 until late April 2020), and that any shortfalls in the  
22 leasing of its Phase I storage tanks were covered by the take-or-pay contract between  
23

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24 <sup>28</sup> Though the exact amount by which the first six months of revenue for 2019  
25 were misstated is not available publicly, it is nonetheless clear that the revenue was  
26 overstated. Brooge reported generating \$22,042,687 in revenue for the first six  
27 months of 2019 in the Proxy, but later restated its revenue for all of 2019 to just  
28 \$15,885,219 (less than the reported six months' revenue).

<sup>29</sup> Again, though the exact amount by which the first six months of revenue for  
2020 were misstated is not available publicly, it is nonetheless clear that the revenue  
was overstated. Brooge reported generating \$22,893,875 in revenue for the first six  
months of 2020, but later restated its revenue for all of 2020 to just \$27,191,176.



Brooge and the Phase I Customer/BIA, pursuant to which the Phase I Customer/BIA had purportedly agreed to lease 100% of the Phase I storage tanks regardless of whether or not it was using or able to sublease the storage.

106. In reality, the alleged Phase I Customer never paid Brooge *any* money for either storage or ancillary services, and to the extent BIA paid money to Brooge for Brooge's "services," BIA was reimbursed through a series of transactions. Instead, Brooge generated what revenue it did from a variety of other customers leasing portions of its storage facilities and using ancillary services at lower rates than were specified in the Phase I Customer/BIA contract.

107. As a result, the following statements were materially false and misleading, and/or constituted material omissions:

- In the Proxy, Brooge claimed that it had entered into the initial agreement with the Phase I Customer "[i]n an effort to de-risk the start-up of operations of Phase I."
- Under this "de-risk[ed]" approach, the Phase I Customer was supposed to "pay [Brooge] (i) a monthly fixed storage fee to lease all of Phase I's storage capacity (irrespective of whether the Phase I [Customer] utilized any storage capacity) and (ii) monthly variable ancillary service fees based on the Phase I [Customer]'s usage of the following ancillary services: throughput, blending, heating and inter-tank transfers."
- As a result, the Phase I Customer purportedly "*accounted for 100 percent of [Brooge]'s revenue for the year ended December 31, 2018.*"<sup>30</sup>

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<sup>30</sup> The same or nearly identical statements appeared in the August 17, 2020 Form F-1 Registration Statement, the August 24, 2020 Prospectus Supplement (424B3), the February 4, 2021 Post-Effective Amendment No. 1 to the Form F-1 Registration Statement, the FY2019 Form 20-F filed on June 30, 2020, the amended FY2019 Form 20-F filed on November 27, 2020, the FY2020 Form 20-F filed on April 5, 2021, and the amended FY2020 Form 20-F filed on April 6, 2021, and were materially false and misleading and/or constituted material omissions for the same reasons as stated above. See Appendix B.

1           108. These statements were materially false and misleading and/or  
2 constituted material omissions because (i) the agreement did not “de-risk” Brooge’s  
3 start-up phase (as the Phase I Customer never paid a cent to Brooge), (ii) the Phase  
4 I Customer never complied with the purported terms of its contract with Brooge, (iii)  
5 the Phase I Customer provided *0%* of Brooge’s FY2018 revenue—not *100%* as  
6 Brooge claimed—and (iv) Brooge’s representations about the legitimacy of the  
7 Phase I Customer transactions were false.

8           **C. Misstatements Related to BIA and Revenue**

9           109. In the Proxy, Brooge repeatedly touted its “[s]table and predictable  
10 revenue stream for storage services” as a result of its 100% take-or-pay contract with  
11 BIA. Brooge stated that it “generates stable and predictable cash flows for its storage  
12 services by providing fee-based, take-or-pay storage services to [BIA], under a long-  
13 term agreement” that was “for an initial period of four years with a renewal period  
14 of five years.” The agreement with BIA was particularly important, per the Proxy,  
15 because “[t]he level of the fixed storage fee for Phase I is more than sufficient to  
16 cover all of [Brooge]’s costs (other than the variable costs associated with ancillary  
17 services), including operating costs, wages, depreciation and interest costs.”

18           110. The same or nearly identical statements appeared in the August 17,  
19 2020 Form F-1 Registration Statement, the August 24, 2020 Prospectus Supplement  
20 (424B3), the February 4, 2021 Post-Effective Amendment No. 1 to the Form F-1  
21 Registration Statement, the FY2019 Form 20-F filed on June 30, 2020, the amended  
22 FY2019 Form 20-F filed on November 27, 2020, the FY2020 Form 20-F filed on  
23 April 5, 2021, and the amended FY2020 Form 20-F filed on April 6, 2021. *See*  
24 Appendix B.

25           111. Additionally, on the July 7, 2020 earnings call, Defendant  
26 Paardenkooper stated that “[o]ur business model is designed to ensure revenue  
27 visibility and financial stability with 100% of Phase I and Phase II capacity, fully  
28 contract in a multiyear take-or-pay contracts.” Defendant Paardenkooper added that

1 “[t]his generates steady stretched fee revenue for Brooge with additional upside  
2 potential from incremental and [indiscernible] revenues.”

3 112. These statements were all materially false and misleading, and/or  
4 constituted material omissions, because (i) Brooge never received any real revenue  
5 from BIA (to the extent BIA made any payments to Brooge under the take-or-pay  
6 contract, it was reimbursed by Brooge), (ii) because Brooge was generating revenue  
7 from a number of customers not subject to a take-or-pay contract, its revenue was  
8 not “stable and predictable” or subject to a “long-term agreement” as Brooge  
9 claimed, and (iii) because no net payments were made under the take-or-pay contract  
10 with BIA, that contract never “cover[ed] all of [Brooge]’s costs.”

11 **D. False and Misleading Risk Disclosure About Revenue**

12 113. Defendants also issued related misstatements in the form of risk  
13 warnings, which were materially false and misleading and/or constituted material  
14 omissions because the warned-of risk had already come to pass.

15 114. In the Proxy, Brooge warned that it was “currently reliant on [BIA] for  
16 all of its revenues and any material non-payment or non-performance by [BIA]  
17 would have a material adverse effect on [Brooge]’s business, financial condition and  
18 results of operations.” This risk disclosure was materially false and misleading,  
19 and/or constituted a material omission, because BIA never made actual payments to  
20 Brooge under the contract, and to the extent it did make payments, Brooge  
21 reimbursed BIA for those payments, and as a result, BIA never actually performed  
22 under the contract’s terms.

23 115. Similarly, the August 17, 2020 Form F-1 Registration Statement  
24 warned that Brooge “is currently reliant on BIA for the majority of its revenues and  
25 any material non-payment or non-performance by BIA would have a material  
26 adverse effect on [Brooge]’s business, financial condition and results of operations.”  
27 The same or a nearly identical statement appeared in the August 24, 2020 Prospectus  
28 Supplement (424B3), the February 4, 2021 Post-Effective Amendment No. 1 to the

1 Form F-1 Registration Statement, the FY2019 Form 20-F filed on June 30, 2020, the  
2 amended FY2019 Form 20-F filed on November 27, 2020, the FY2020 Form 20-F  
3 filed on April 5, 2021, and the amended FY2020 Form 20-F filed on April 6, 2021,<sup>31</sup>  
4 *see* Appendix B, and was materially false and misleading and/or constituted a  
5 material omission for the same reasons as stated above.

## 6 **II. The Brooge Defendants' Conflict-of-Interest Misstatements**

7 116. In the Proxy, Brooge stated the following regarding a purported conflict  
8 of interest:

9 ***The Phase I & II Customer, Al Brooge International Advisory LLC***  
10 ***is partially owned by Mrs. Hind Muktar. Mrs. Hind Muktar will also***  
11 ***be a limited partner of H Capital International LP and the sole***  
12 ***shareholder of Gyan Investments Limited, the general partner of H***  
13 ***Capital International LP.*** The Phase I Customer Agreement provides  
14 for Al Brooge International Advisory LLC to lease all 14 Phase I  
15 storage tanks for a fixed fee per cubic meter per month payable in  
16 advance on a monthly basis. The Phase I Customer Agreement also  
17 provides that Al Brooge International Advisory LLC shall pay BPGIC  
18 a fixed fee per cubic meter per month for product throughput with a  
19 supplementary fee per metric ton of throughput in excess of agreed  
20 volume, a fixed blending fee per cubic meter per month, a fixed inter  
21 tank transfer fee per cubic meter per month, and a fixed heating fee of  
22 per cubic meter per month. Further, BPGIC is entitled to pass through  
23 any tariffs, additional charges or fees imposed by the Port of Fujairah.  
24 BPGIC is entitled to review and seek to amend the fees every two years.  
25 This adjustment can result only in the fees remaining constant or  
26 increasing. BPGIC believes that the terms of this agreement are no less  
27 favorable to BPGIC than would result from a similar transaction with  
28 an unaffiliated third party. Al Brooge International Advisory LLC is  
only allowed to sublease the Phase I storage tanks with BPGIC's prior  
approval. ***H Capital International LP is a minority stakeholder in***  
***BPGIC and following a planned sale of Mrs. Muktar's shares in Al***  
***Brooge International Advisory LLC, Al Brooge International***  
***Advisory LLC will no longer be a related party.***

31 The FY2020 Form 20-F and amended FY2020 Form 20-F had slightly  
different language to reflect the fact that during FY2020, as demand for oil storage  
picked up, BIA "leased back" a portion of the storage under the take-or-pay contract  
to Brooge, which Brooge then leased to new, legitimate customers. The language in  
these Forms stated that Brooge was "currently reliant on BIA and the Company's  
storage customers for the majority of its revenues and any material non-payment or  
non-performance by BIA would have a material adverse effect on the Company's  
business, financial condition and results of operations."

117. This statement was materially false and misleading, and/or constituted a material omission, because it understated the significance of the conflict of interest and BIA's status as a related party. Contrary to the statement—which indicated any conflicts would be resolved with the sale of Muktar's interest—BIA continued to be a related party and assisted Defendants in effectuating the fake invoicing scheme by purporting to act as Brooge's independent counterparty in the Phase I take-or-pay contract. BIA, which continued to be "an affiliated or related party" for the duration of the fake invoicing scheme, was reimbursed for "payments" made to Brooge and never actually made net payments to Brooge under the contract's terms.<sup>32</sup>

### III. The Brooge Defendants' Internal Controls Misstatements

118. Defendants also made misstatements about the existence and adequacy of the Company's internal controls, which were materially false and misleading and/or constituted material omissions for the reasons set forth below.

119. *First*, in the FY2019 Form 20-F filed by Brooge on June 30, 2020, Defendants Paardenkooper (then CEO) and Masood (then CFO) certified that the information contained in the Form 20-F "fairly presents, in all material respects, the financial condition and results of operations of the Company" to their knowledge.

120. *Second*, in the FY2019 Form 20-F filed by Brooge on June 30, 2020, Defendants Paardenkooper (then CEO) and Masood (then CFO) certified that they had reviewed the Form 20-F and that:

- The Form 20-F did "not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading."
- "[T]he financial statements, and other financial information included in this report, fairly present in all material respects the financial condition,

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<sup>32</sup> C&D Order ¶¶17-18, 21.

1 results of operations and cash flows of the company as of, and for, the  
2 periods presented in this report.”

- 3 • Defendants Paardenkooper and Masood were “responsible for  
4 establishing and maintaining disclosure controls and procedures...and  
5 internal control over financial reporting” for Brooge and had, *inter alia*:

6 (a) “designed internal control over financial reporting, or caused  
7 such control to be designed under our supervision, to provide  
8 reasonable assurance regarding the reliability of financial  
9 reporting and the preparation of financial statements for external  
10 purposes in accordance with generally accepted accounting  
11 principles,” and

12 (b) disclosed “any change in the company’s internal control over  
13 financial reporting that occurred during the period covered by the  
14 annual report that has materially affected, or is reasonably likely  
15 to materially affect, the company’s internal control over financial  
16 reporting.”

- 17 • Defendants Paardenkooper and Masood had “disclosed, based on our  
18 most recent evaluation of internal control over financial reporting, to  
19 the company’s auditors and the audit committee of the company’s  
20 board of directors” the following:

21 (a) “[a]ll significant deficiencies and material weaknesses in the  
22 design or operation of internal control over financial reporting  
23 which are reasonably likely to adversely affect the company’s  
24 ability to record, process, summarize and report financial  
25 information,” and

26 (b) “[a]ny fraud, whether or not material, that involves  
27 *management or other employees who have a significant role in*  
28 *the company’s internal control over financial reporting.*”



1 121. The same or nearly identical certifications were made by Defendants  
2 Paardenkooper (then CEO) and Masood (then CFO) in the amended FY2019 Form  
3 20-F filed on November 27, 2020, the FY2020 Form 20-F filed on April 5, 2021,  
4 and the amended FY2020 Form 20-F filed on April 6, 2021. *See* Appendix B.

5 122. All such certifications were materially false and misleading, and/or  
6 constituted material omissions, because (i) the Form 20-F substantially overstated  
7 Brooge's revenue for 2018 and 2019, (ii) Brooge's disclosure controls and internal  
8 controls over financial reporting had failed to identify and/or report the fake  
9 invoicing scheme and revenue overstatements, and (iii) the revenue overstatements  
10 and the fake invoicing scheme that supported them, along with the other  
11 misstatements identified herein, were not disclosed in the Form 20-F.

12 123. Additionally, the same or nearly identical certifications as set forth  
13 above in ¶¶119-120 were made by Defendants Saheb (then Interim CEO) and  
14 Ditchburn (then CFO) in the FY2022 Form 20-F filed on April 26, 2023 and the  
15 amended FY2022 Form 20-Fs filed on May 1 and 2, 2023. Though the FY2022  
16 Form 20-F and amended FY2022 Form 20-Fs restated the Company's revenue for  
17 FY2018, FY2019, and FY2020, they were nonetheless still false and misleading  
18 because (i) the prior year restatements were attributed to the failure to classify BIA  
19 as a related party, as opposed to the falsification of revenues via the fake invoicing  
20 scheme, (ii) Brooge's disclosure controls and internal controls over financial  
21 reporting had still failed to identify and/or report the fake invoicing scheme, and (iii)  
22 the fake invoicing scheme was not disclosed in the Form 20-F.

23 124. Finally, in the April 26, 2023 Form 20-F for FY2022 and the amended  
24 FY2022 Form 20-F filed on May 1, 2023, the restatement of Brooge's revenue for  
25 FY2018, FY2019, and FY2020 was attributed to a determination that "the funds  
26 received from a related party Al Brooge International Advisory LLC (BIA) do not  
27 qualify to be recognized as revenue," which Brooge was "rectify[ing]" by taking  
28 "funds received from BIA" (\$74,253,965) during those years, "revers[ing] [it] from

1 revenue and re-classif[ying] [it] as Advance from customer under Liabilities for the  
2 financial years from 2018 to 2020.” Similarly, Defendant Ditchburn, on the May 4,  
3 2023 earnings call, attributed the restatement to the determination that “funds  
4 received from a related party, Al Brooge International Advisory [*i.e.*, BIA], do not  
5 qualify as revenue due to insufficient documentation and certain criteria under the  
6 accounting standards,” and that as a result, “an amount of USD 74.3 million, which  
7 represents funds from BIA, was reversed from revenue and reclassified as other  
8 payable under liabilities for the financial years from 2018 to 2020.” Defendant  
9 Ditchburn described this as “a conservative approach to recognize this as a liability.”  
10 These statements were materially false and misleading and/or constituted material  
11 omissions because the overstatement in Brooge’s revenue was not attributable to an  
12 inadvertent failure to classify BIA as a related party, but to Brooge’s outright  
13 falsification of its revenues as part of the fake invoicing scheme described above.

14 **IV. E&Y’s and PwC’s Audit Opinions Were Materially False and Misleading**

15 125. As discussed in detail below, during the Class Period, E&Y and PwC  
16 issued unqualified or “clean” audit reports that incorrectly certified Brooge’s  
17 financial statements as being free of material misstatements. Each of the Class  
18 Period audit reports stated that Brooge’s statement of financial position and the  
19 results of operations for the relevant years presented “fairly” the financial position  
20 of Brooge. The audit reports also stated that E&Y and PwC “conducted [their] audits  
21 in accordance with the standards of the Public Company Accounting Oversight  
22 Board.” E&Y’s and PwC’s unqualified audit reports prior to and during the Class  
23 Period were materially false and misleading because, as set forth above, Brooge’s  
24 financial statements for FY2018-2020 did not present fairly, in all material respects,  
25 the Company’s results of operations or its financial condition.

26 126. Under §10(b) of the Exchange Act and Rule 10b-5 promulgated  
27 thereunder, an auditor may be primarily liable for securities fraud when it provides  
28 an audit report containing an unqualified or “clean” audit opinion certifying financial

1 statements that were false or misleading at the time the audit report was issued. An  
2 auditor may also become primarily liable for securities fraud if it subsequently  
3 learns, or is reckless in not learning, that its previously issued audit reports  
4 erroneously certified financial statements that, in fact, were materially false and  
5 misleading if the auditor fails to take reasonable steps to correct or withdraw the  
6 previously issued audit reports.

### 7 **THE TRUTH BEGINS TO EMERGE**

8 127. Unfortunately for investors, the truth behind the numerous fraudulent  
9 practices being undertaken at the Company only began to trickle out in late 2022.

10 128. The truth regarding Defendants' misrepresentations and omissions  
11 leaked into the market gradually through a series of partial disclosures, beginning on  
12 December 8, 2022, when Defendant Paardenkooper abruptly resigned as Brooge's  
13 CEO. The news was announced via a Form 6-K filed after hours on that day and  
14 was a materialization of the undisclosed risks associated with Brooge's fake  
15 invoicing scheme, which caused the stock to drop from a closing price of \$5.74 per  
16 share on December 8, 2022 to \$5.32 per share the following day; a drop of 7.32%.

17 129. The truth only continued to trickle out and the decline continued when,  
18 on January 20, 2023, Brooge filed a Form 6-K after hours that included a letter from  
19 its former auditor, PwC. In PwC's letter, it specifically disagreed with statements  
20 previously issued by Brooge that "[t]hrough the date of PwC's resignation on  
21 December 29, 2022, there were 'disagreements' on matters of accounting principles  
22 and practices." PwC clarified:

23 PwC states...that, during the Company's two most recent fiscal years  
24 and the subsequent interim period preceding PwC's resignation, there  
25 were disagreements between the Company and PwC on matters of  
accounting principles or practices and auditing scope or  
procedure,...[specifically]:

- 26 (1) ***PwC informed the Company that the Firm would not accept***  
27 ***representations from the Company's interim Chief***  
28 ***Executive Officer [i.e., Defendant Saheb], unless the interim***  
***CEO's conduct had been the subject of a review by counsel,***

who had assisted with the Audit Committee Examination (the “Audit Committee’s counsel”); [and]

...

- (6) PwC informed the Company that: (i) *in light of the findings of the Audit Committee Examination, the Firm would not accept representations from the Company’s then-Chief Executive Officer*, and (ii) *it would be necessary that the Company confirm to PwC that the former Chief Executive Officer [i.e., Defendant Paardenkooper], who following his resignation had concurrently joined the Company’s majority shareholder, would not assume any role in the Company’s corporate structure*, including in the Company’s parent entity, for such time as PwC is the Company’s auditor, and that PwC would require the Company’s assurances to that effect.

In each of the six instances enumerated above, as of the date of PwC’s resignation, the Company had failed to take the step(s) that PwC advised the Company were necessary in order for PwC to conduct the audit of the Company. The Disagreements formed the basis for PwC’s conclusion that the Company had not taken timely and appropriate remedial actions.

*...PwC did conclude and communicate to the Company PwC’s conclusion that the Company had not taken timely and appropriate remedial actions. However, pursuant to Section 10A of the Securities Exchange Act of 1934, PwC also communicated to the Company that those remedial actions were with respect to likely illegal acts that had come to the attention of PwC and which were the subject of the Audit Committee Examination. In PwC’s view, those likely illegal acts will have a material effect on the financial statements of the Company as identified in the Audit Committee Examination.*

PwC notes that the Firm discussed each of the Disagreements with the Audit Committee, in advance of its resignation.

130. PwC further identified as “reportable events pursuant to Item 16F(a)(1)(v) of Form 20-F” material weaknesses in Brooge’s internal controls over financial reporting, specifically based on “a lack of sufficient skilled personnel with requisite... reporting knowledge and experience” and “a lack of sufficient entity level and financial reporting policies and procedures.”

131. This was a corrective disclosure and/or a materialization of the undisclosed risks associated with Brooge’s fake invoicing scheme, which caused the stock to drop from a closing price of \$6.19 per share on January 20, 2023, to \$5.80 per share the next trading day; a drop of 6.32%.

1 132. Finally, on December 22, 2023, Brooge issued a Form 6-K after hours  
2 announcing its settlement with the SEC. The C&D Order was issued the same day.  
3 Brooge stated in its Form 6-K:

4 December 22, 2023 – As an update to our prior disclosures, without  
5 admitting or denying any violation or wrongdoing, Brooge Energy  
6 Limited (the “Company”) has reached a settlement with the U.S.  
7 Securities and Exchange Commission (“SEC”) related to alleged  
8 fraudulent accounting and offering conduct by the Company and two  
9 former officers. Pursuant to the SEC administrative order, which was  
10 entered today, and which centers on financial statements that have since  
11 been restated by the Company, the Company will pay a civil money  
penalty in the amount of \$5,000,000. The Company also agreed to cease  
and desist from committing or causing any violations and any future  
violations of certain provisions under the Securities Act of 1933 and the  
Securities Exchange Act of 1934. Two former officers of the Company  
resolved related SEC charges without admitting or denying the SEC’s  
findings.

12 133. The stock closed at \$3.34 per share on December 22, 2023, dropping  
13 17.66% over the next two trading days, closing at \$2.75 per share on December 27,  
14 2023. This drop was both a corrective disclosure and a materialization of the risks  
15 of the fake invoicing scheme.

16 134. Between the time of the first corrective disclosure on December 8,  
17 2022, and the final corrective disclosure in December 2023, Brooge’s stock price  
18 declined from \$5.74 per share to \$2.75 per share; a drop of **52.1%**. Between  
19 November 25, 2019 and December 27, 2023, Brooge’s stock price declined from  
20 \$10.28 per share to \$2.75 per share; a drop of **74.58%**.

21 135. Meanwhile, it appears that only 100 of Brooge’s warrants were ever  
22 exercised before December 22, 2024, when the warrants expired and were delisted.

23 136. As a result of Defendants’ wrongful acts and omissions, and the  
24 precipitous decline in the market value of the Company’s securities, Plaintiff and  
25 other Class members have suffered significant losses and damages which they have  
26 not recovered.

27 **ADDITIONAL SCIENTER ALLEGATIONS**

1           137. At all relevant times, the Individual Defendants acted with scienter in  
2 making the materially false and misleading statements and omissions alleged herein.  
3 The Individual Defendants had actual knowledge that the statements and omissions  
4 made by them were false and misleading, or acted with reckless disregard for the  
5 truth or falsity of those statements and omissions. The Individual Defendants' intent  
6 to deceive, or reckless disregard for the truth, is demonstrated by substantial direct  
7 and circumstantial evidence supporting a strong inference of scienter. Furthermore,  
8 each of the Individual Defendants had the motive and opportunity to commit the  
9 fraud. In addition to the numerous allegations throughout this complaint, herein  
10 incorporated by reference, demonstrating Defendants' scienter, for the reasons  
11 further detailed below, the Individual Defendants acted with scienter in that they: (i)  
12 knew that the public documents and statements issued or disseminated in the name  
13 of the Company were materially false, misleading, and incomplete when made; (ii)  
14 knew that such statements or documents would be issued or disseminated to the  
15 investing public; and (iii) knowingly and substantially participated or acquiesced in  
16 the issuance or dissemination of such statements or documents as primary violations  
17 of the federal securities laws.

18           138. The Individual Defendants, by virtue of their control over, and/or  
19 receipt and/or modification of Brooge's (in the case of the Executive Defendants) or  
20 Twelve Seas' (in the case of Defendant Elkin) materially false, misleading, and  
21 incomplete statements and/or their associations with the Company, which made  
22 them privy to confidential proprietary information concerning Brooge and Twelve  
23 Seas, participated in the fraudulent scheme alleged herein. By virtue of their senior  
24 management and decisionmaker positions, the Individual Defendants' knowledge is  
25 also imputed to Brooge.

26  
27  
28



**I. Additional Scienter Allegations for the SPAC<sup>33</sup>**

139. The SPAC D&Os, including Defendant Elkin, had a clear financial motive to knowingly or recklessly allow the fake invoicing scheme and the corresponding misrepresentations and omissions in the Proxy in order to push through the Business Combination. At the time the Business Combination was proposed, Twelve Seas’ Sponsor held approximately \$42.3 million worth of “Founder Shares” as of September 2019, per the Proxy—but the Founder Shares, which would become exchangeable for Brooge shares following the Business Combination, would only have value if the Business Combination was consummated.

140. The SPAC D&Os, as members of the Sponsor, were entitled to the Sponsor’s profits and would be direct beneficiaries of the Business Combination, but only *if* the Business Combination closed. Failure to close would have resulted in the SPAC’s dissolution, with all funds returned to investors. Completing a qualifying transaction was thus crucial for the SPAC D&Os to realize any profits.

141. In fact, if the Business Combination failed to close, the SPAC D&Os could also incur significant costs and liability in connection with their role in the transaction. Specifically, per the Proxy, if Twelve Seas failed to complete a qualifying transaction within the timeframe, the SPAC D&Os faced the potential loss of well over \$40 million; liability for costs owed to Twelve Seas; and forfeiture of reimbursement for expenses incurred while “investigating possible business targets and business combinations.” This created a perverse conflict of interest, incentivizing not only the completion of an acquisition but also a rash approach to the due diligence that the SPAC D&Os did in advance of the Business Combination.

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<sup>33</sup> Plaintiff has not named Twelve Seas, which became part of Brooge as a result of the Business Combination.

1 142. Furthermore, through that due diligence, the SPAC D&Os had unique  
2 access to Brooge’s confidential financial information, contracts, and financial  
3 statements and projections, among other things. The Proxy made it clear that:

- 4 • On December 11, 2018, Cannon, on behalf of the SPAC D&Os, met  
5 with members of Brooge’s senior management in Abu Dhabi. At that  
6 meeting, Cannon received initial due diligence materials from Brooge,  
7 including financial statements, as well as the prospectus and investor  
8 presentation from Brooge’s attempted London Stock Exchange initial  
9 public offering. On the same day, Cannon had a call with  
10 representatives of RBC Capital Markets, LLC (“RBC”) “to discuss the  
11 meeting with [Brooge] in Abu Dhabi and certain financial information  
12 prepared by RBC with respect to [Brooge].”
- 13 • On December 19, 2018, Cannon met with senior management of  
14 Brooge at its Dubai office to review and discuss valuation materials and  
15 conducted due diligence for two days there.
- 16 • On January 9, 2019, Cannon had a call with representatives of RBC to  
17 discuss the Brooge business model in the context of the oil and gas  
18 storage industry sector, as well as U.S. investor interest in Brooge.
- 19 • On April 8, 2019, representatives of Twelve Seas met with Brooge’s  
20 senior management to take a facilities tour of Brooge.

21 143. The SPAC D&Os thus had extensive access to Brooge’s records and  
22 business information prior to the Business Combination, including records related  
23 to Brooge’s revenue and its contract with the Phase I Customer—which was, at the  
24 time, purportedly responsible for 100% of Brooge’s revenue. Though the Phase I  
25 Customer was supposed to be supplying all of Brooge’s revenue, the Phase I  
26 Customer never paid *any* money to Brooge.<sup>34</sup> Moreover, Brooge’s actual revenue  
27

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28 <sup>34</sup> C&D Order ¶15.

1 was substantially less than what it was reporting and at rates inconsistent with the  
2 terms of the Phase I Customer agreement. *See* ¶¶71-79, *supra*. Even the most  
3 rudimentary due diligence would have uncovered these gross inconsistencies.

4 144. Indeed, the SPAC D&Os—a group of sophisticated investors with  
5 dozens of years of relevant experience—apparently failed to uncover the fabrication  
6 of **82.18%** of Brooge’s revenue for FY2018 and **63.97%** for FY2019, or the fact that  
7 the customer purporting to provide 100% of Brooge’s revenue had, in reality,  
8 provided 0%.

9 145. This failure, which occurred despite several site visits, unique access to  
10 Brooge’s books and records, and extensive discussions with Brooge’s management,  
11 was reckless at best. More likely, the SPAC D&Os and Elkin—motivated by their  
12 large financial stake in the Business Combination’s completion—had actual  
13 knowledge of the alleged fraud.

## 14 **II. Additional Scienter Allegations for the Executive Defendants**

15 146. The Executive Defendants were well aware of the gross overstatement  
16 of the Company’s revenues for FY2018-2020. With respect to Defendants  
17 Paardenkooper and Saheb, the C&D Order expressly found they either knew, or were  
18 reckless in not knowing, of the accounting fraud particularly. On top of this, their  
19 knowledge of the fake invoicing scheme underlying the entire fraud was  
20 corroborated and confirmed by other documents, including emails, Plaintiff’s  
21 counsel has received. There is ample further evidence that the Executive Defendants  
22 were aware of the Company’s overstated revenues for the relevant years.

23 147. **First**, the Executive Defendants’ perpetuation of the fake invoicing  
24 scheme, as described throughout, confirms they knew about the overstated revenues.  
25 The statements in the C&D Order, which were corroborated by emails sent by  
26 Defendant Paardenkooper himself (*see* ¶73, *supra*), make it abundantly clear that  
27 Brooge’s senior management was orchestrating the scheme. Furthermore, there was  
28

1 no reason for the fake invoicing scheme to exist except to conceal the overstatement  
2 of Brooge's revenue for FY2018-2020.

3 148. **Second**, the sheer size of the overstatement (82.18% for FY2018,  
4 63.97% for FY2019, and 35.00% for FY2020), as well as the critical importance of  
5 the Phase I Customer (which was supposedly "de-risking" Brooge's early operations  
6 by paying to lease the entirety of Brooge's Phase I storage) and its purported  
7 provision of 100% of Brooge's revenue until the novation, further supports a strong  
8 inference of scienter. Standing alone, it defeats any argument that the Executive  
9 Defendants could have somehow "missed" the fact that the Company was  
10 fabricating the bulk of its revenue for those years. Furthermore, as alleged  
11 throughout, Defendants touted the purported Phase I Agreement and Customer as  
12 being of core strategic importance to the Company—even though both were  
13 effectively a fiction, since the Phase I Customer did not make a single payment to  
14 Brooge and Brooge never generated revenue on the terms set forth in the take-or-  
15 pay agreement. Instead of being of core strategic importance to the Company, this  
16 customer and contract were of core strategic importance to the *fraud*. This, too,  
17 supports a strong inference of scienter.

18 149. **Third**, and in a similar vein, the clear mismatch between the terms of  
19 the contracts that were purportedly providing up to 100% of the Company's revenue  
20 during FY2018-2020, and the actual sources from and terms on which the Company  
21 was generating that revenue, belies any claims of ignorance from the Executive  
22 Defendants and supports a strong inference of scienter. Brooge was supposed to be  
23 generating 100% of its revenue from either the Phase I Customer agreement (through  
24 July 2019) or the agreement with BIA (from August 2019 on). Yet the Phase I  
25 Customer never made any payments to Brooge, and BIA was reimbursed for any  
26 payments it did make. The money that the Company was making came from a  
27 variety of customers who leased space at substantially lower rates than the rates  
28 listed in the take-or-pay contract. This clear mismatch would have been obvious to

1 anyone with a working knowledge of the Company, and particularly the Executive  
2 Defendants.

3 150. **Fourth**, the Executive Defendants, by and large, had the necessary  
4 knowledge of and familiarity with both the oil industry and the Company itself to  
5 easily identify the inconsistencies noted above. Defendant Paardenkooper, for  
6 example, joined Brooge in May 2017 and had over 30 years of experience in the oil  
7 and gas mid and downstream sector at the time of the Business Combination.  
8 Defendant Saheb joined Brooge even earlier, in 2013, and had worked with Brooge's  
9 initial shareholders on many different ventures before that. Defendant Yammout  
10 joined Brooge in October 2018. These individuals were thus intimately familiar with  
11 how the UAE oil and gas industry functioned, as well as how the Company operated.

12 151. **Finally**, the Executive Defendants' knowledge of the overstated  
13 revenue is evinced by their intimate involvement in and familiarity with Brooge's  
14 revenue and the contracts supporting it. Brooge was a small company, with only 17  
15 employees at the end of 2019. Brooge and the Executive Defendants repeatedly  
16 confirmed that the Executive Defendants were closely involved in these areas,  
17 including, *inter alia*:

- 18 • Defendant Masood commented that Brooge's "record revenue for 2019  
19 was generated by fixed storage fees together with ancillary fees for  
20 services that include blending, heating, inter-tank transfers and  
21 throughput transfers" in a Form 6-K filed on July 1, 2020.
- 22 • In that same Form 6-K, Defendant Paardenkooper stated that Brooge's  
23 "impressive 23% revenue growth for 2019 was driven by our multi-  
24 year agreement with an offtake customer for our Phase I terminals,  
25 which operated at full capacity throughout the whole year."
- 26 • In a Form 6-K filed on December 1, 2020, Defendant Paardenkooper  
27 likewise stated that Brooge had "continued to generate strong and  
28 consistent revenue throughout the first half of 2020 from our Phase I

1 facility, which is operating at full capacity,” going on to add that  
2 “[a]ncillary services contributed 47% of total revenue in H1 2020 (46%  
3 in H1 2019), with the balance coming from fixed, storage revenue.”

- 4 • In that same Form 6-K from early December 2020, Defendant  
5 Paardenkooper discussed the terms of leaseback contracts, pursuant to  
6 which BIA leased storage back to Brooge so that Brooge could then  
7 lease it to real, legitimate customers in the latter half of 2020, when the  
8 demand for oil storage was increasing.<sup>35</sup> In another Form 6-K filed less  
9 than three weeks later, on December 17, 2020, Defendant  
10 Paardenkooper noted that Brooge had signed two additional leaseback  
11 contracts. The Executive Defendants were clearly apprised of, and  
12 involved with, Brooge’s critical contracts.
- 13 • Defendants Paardenkooper and Masood also discussed Brooge’s  
14 contracts and revenues on earnings calls, as set forth in ¶¶100, 102,  
15 *supra*.
- 16 • In a September 9, 2021 Press Release, Defendant Paardenkooper,  
17 speaking on behalf of himself and the management team, highlighted  
18 the “months of careful planning, construction, contract negotiations,  
19 and testing” involved in operationalizing Brooge’s Phase II facility.

20 152. As to the fake invoicing scheme itself, the Executive Defendants were  
21 also fully aware of, and indeed effectuated, it. In particular:

- 22 • Defendant Paardenkooper “signed management representation letters,”  
23 which Plaintiff’s counsel has reviewed, “misrepresenting that the  
24 company had ‘made available to [the outside auditors] all significant  
25  
26  
27

28 <sup>35</sup> As further discussed in ¶195, the strange nature of the leasebacks meant that  
these contracts, too, were indicative of the fraud.



contracts, communications (either written or oral), and other related information pertaining to arrangements with customers.”<sup>36</sup>

- Defendant Paardenkooper had signed “confirmation letters attesting falsely to account receivable balances from [the Phase I Customer] and BIA.”<sup>37</sup>
- Defendant Paardenkooper signed falsified, backdated invoices created in 2022 to explain why BIA made payments for invoices to the Phase I Customer.<sup>38</sup>
- At least three sets of false documents—false, backdated invoices to BIA (signed by Defendant Paardenkooper), a false, backdated Commercial Storage Agreement between BPGIC and BIA, and a false, backdated loan agreement created to explain other false general ledger entries—were created “[a]t the direction of Senior Management [*i.e.*, Defendants Paardenkooper and Saheb]” and provided to the SEC during the course of its investigation.<sup>39</sup>
- Furthermore, as the email uncovered by Plaintiff’s counsel (discussed above at ¶73) confirms, Defendant Paardenkooper himself directed Brooge employees to create fake invoices that perpetuated the fraudulent scheme.

153. The actions outlined above make it clear that the fake invoicing scheme was initiated and effectuated by the Executive Defendants, amply supporting a strong inference of scienter on this front.

154. Furthermore, additional evidence exists to support the Executive Defendants’ scienter regarding the fake invoicing scheme in the form of their post-hoc attempts to cover up that scheme. In particular, after the SEC investigation

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<sup>36</sup> C&D Order ¶25.

<sup>37</sup> C&D Order ¶25.

<sup>38</sup> C&D Order ¶27.

<sup>39</sup> C&D Order ¶27.

1 commenced in or around 2022, Brooge was forced to restate its revenue for FY2018-  
2 2020 in a Form 6-K and then Form 20-F.

3 155. Rather than disclosing the invoicing scheme in those Forms, the  
4 Executive Defendants knowingly made additional misstatements in order to further  
5 conceal the truth from investors. The Form 20-F for Brooge's FY2022 (filed on  
6 April 26, 2023) falsely attributed the prior years' restatements to the failure to  
7 classify BIA as a related party, as opposed to the falsification of revenues via the  
8 fake invoicing scheme. On the May 4, 2023 earnings call, Defendant Ditchburn  
9 doubled down on this lie and falsely described the coverup as "a conservative  
10 approach to recognize [the reclassification of funds from BIA] as a liability." At  
11 that point, there can be no doubt that, at a minimum, Defendants Saheb and  
12 Ditchburn knew that the overstatement in Brooge's revenue was not attributable to  
13 an inadvertent failure to classify BIA as a related party, but rather to Brooge's  
14 falsification of its revenues as part of the fake invoicing scheme described above.  
15 This attempt at a cover up further supports a strong inference of scienter.

16 156. The suspicious timing of the departures of key executives, who held  
17 critical positions at Brooge, also supports a strong inference of scienter:

- 18 • On December 8, 2022, just months after the SEC investigation was  
19 disclosed, Defendant Paardenkooper abruptly resigned as Brooge's  
20 CEO.
- 21 • Following Defendant Paardenkooper's resignation, Defendant Saheb  
22 assumed the role of Interim CEO, but she also resigned in August 2023,  
23 stepping down just four months before the C&D Order was issued.
- 24 • After serving two years as CFO, Defendant Masood departed the role  
25 in April 2022 when the Company opted not to renew his contract—just  
26 one month before the SEC investigation became public.

27 157. The departure and constant churn of multiple high-ranking executives  
28 throughout the Class Period, and particularly during the SEC investigation,

underscores these executives' involvement in and knowledge of the fraud. It also highlights that the fraudulent scheme was pervasive, well-known, and orchestrated at the highest levels of the organization.

158. Furthermore, the core operations doctrine supports a strong inference of scienter here. The take-or-pay contracts, which relied on just a single customer for each Phase, were critical to Brooge's business model and, thus, the Company's commercial prospects and viability. Indeed, on the July 7, 2020 earnings call, Defendant Paardenkooper reemphasized the importance of the take-or-pay contracts, stating "[o]ur business model is designed to ensure revenue visibility and financial stability with 100% of Phase I and Phase II capacity, fully contract in a multiyear take-or-pay contracts." As such, there can be no doubt that Defendants knew (and, at least, recklessly disregarded) that the take-or-pay structure was fraudulent because every segment of the Company's operations would be impacted by the reality that the take-or-pay contracts did not exist for all intents and purposes.

159. Finally, the Executive Defendants had motive and opportunity to commit securities fraud. The Proxy acknowledged there was a material uncertainty as to Brooge's ability to continue as a going concern. It went on to state that, as part of negotiations with a lender, the Company had agreed to "pre-settle," from the proceeds of the Business Combination, the equivalent of more than \$27 million of principal owed on loans Brooge had taken out to build its Phase I tanks.<sup>40</sup> The Executive Defendants thus *needed* the Business Combination to close, lest the lender call an event of default and bankrupt the Company. This provided a strong motive for the Executive Defendants to overstate Brooge's revenues in order to increase the likelihood that the Business Combination would be effected.

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<sup>40</sup> Specifically, the Proxy stated in relevant part that Brooge had agreed "to assign to the lender all proceeds from the operation of the tanks and to pre-settle by December 31, 2019 AED 100,000,000 ((\$27,225,701) translated using the exchange rate as of June 30, 2019) of principal under the Phase I Construction Facilities from the proceeds received from the Business Combination."

1 **III. Corporate Scienter**

2 160. The falsity of the statements identified herein is so egregious that  
3 Brooge would have been deliberately reckless had it not known of the accounting  
4 fraud. Accordingly, the Company acted with scienter under the corporate scienter  
5 doctrine.

6 161. Brooge is liable for the acts of the Individual Defendants and its other  
7 employees under the doctrine of respondeat superior and common law principles of  
8 agency, because all of the wrongful acts complained of herein were carried out  
9 within the scope of their employment.

10 162. The scienter of the Executive Defendants and other employees and  
11 agents of Brooge is similarly imputed to Brooge under respondeat superior and  
12 common law agency principles.

13 **THE ACCOUNTANTS KNOWINGLY AND/OR RECKLESSLY**  
14 **VIOLATED THE EXCHANGE ACT BY FAILING TO COMPLY WITH**  
15 **AUDITING STANDARDS IN ISSUING CLEAN AUDIT REPORTS THAT**  
16 **CONTAINED MATERIALLY FALSE AND MISLEADING STATEMENTS**  
17 **TO THE INVESTING PUBLIC**

18 163. The Auditor Defendants were required to comply with applicable  
19 auditing standards when performing their audits during the Class Period. As  
20 described herein, the Auditor Defendants intentionally and/or recklessly violated  
21 those professional standards and thereby provided clean audit opinions that allowed  
22 the Brooge Defendants to perpetrate the fake invoicing scheme and grossly overstate  
23 revenues for FY2018-2020. Accordingly, the Auditor Defendants issued audit  
24 opinions that contained false and misleading statements.

25 **I. The Auditor Defendants Were Bound to Comply with Applicable**  
26 **Accounting Standards**

27 164. Public investors, creditors, and others rely on independent, registered  
28 public accounting firms to audit financial statements and assess internal controls

1 when deciding whether to invest in, or to do business with, a public company. As  
2 such, the Supreme Court has described the role of an independent auditor as that of  
3 a “public watchdog,” established to improve the reliability of financial statements,  
4 enhance the credibility of those statements and thereby, support the capital markets.  
5 *United States v. Arthur Young & Co.*, 465 U.S. 805, 818 (1984).

6 165. To oversee independent auditors, the Sarbanes-Oxley Act (“SOX”)  
7 established the Public Company Accounting Oversight Board (“PCAOB”). The  
8 PCAOB is given the responsibility to establish professional audit standards  
9 applicable to audits of certain publicly traded companies, including Brooge (the  
10 “PCAOB Standards”). Since 2004, the PCAOB has required that foreign issuer  
11 auditors register with the PCAOB.

12 166. PCAOB Standards effective for the fiscal years ending December 15,  
13 2017 to December 14, 2020 were grouped into the following five topical categories  
14 and referenced with an “AS” prefix:

- 15 (a) General Auditing Standards: Standards on broad auditing  
16 principles, concepts, activities and communications;
- 17 (b) Audit Procedures: Standards for planning and performing audit  
18 procedures and for obtaining audit evidence;
- 19 (c) Auditor Reporting: Standards for auditors’ reports;
- 20 (d) Matters Relating to Filings Under Federal Securities Laws:  
21 Standards on certain auditor responsibilities relating to SEC  
22 filings for securities offerings and reviews of interim financial  
23 information; and
- 24 (e) Other Matters Associated with Audits: Standards for other work  
25 performed in conjunction with an audit of an issuer.

26 167. PCAOB Standards state that the objective of a financial statement audit  
27 is the expression of an opinion on the fairness with which the audited financial  
28 statements present, in all material respects, the financial position, results of

operations, and the cash flows of the reporting entity, in conformity with generally accepted accounting principles.<sup>41</sup>

168. To achieve this objective, the Auditor Defendants were responsible for planning and performing their financial statement audits to obtain “reasonable assurance” about whether Brooge’s consolidated financial statements were free of material misstatements, including misstatements caused by fraud.<sup>42</sup> In reaching their conclusions, the Auditor Defendants were required to apply the appropriate professional skepticism and “should not be satisfied with less than persuasive evidence because of a belief that management is honest.”<sup>43</sup>

169. To identify the risks of material misstatements, the PCAOB Standards, including but not limited to those specifically identified below, require auditors to perform the procedures identified in those standards:

PCAOB Standard	Requirement(s)
AS 2110.07 - 2110.17	Require an auditor to obtain a sufficient understanding of the company and its environment, including steps to “understand the events, conditions, and company activities that might reasonably be expected to have a significant effect on the risks of material misstatement.”
AS 2110.18 - 2110.40	Require an auditor to obtain an understanding of internal controls over financial reporting to (a) identify the types of potential misstatements, (b) assess the factors that affect the risks of material misstatement, and (c) design further audit procedures.
AS 2110.46 - 2110.71	Require an auditor to perform audit procedures designed to identify areas that might represent specific risks relevant to the audit, including the existence of unusual transactions and events, and amounts, ratios and trends that warrant investigation.
AS 2301.08 and AS 2301.13	Require the auditor to design and perform the audit procedures in a manner that is specifically responsive to evident risks of

<sup>41</sup> AS 1001.01. The standards (AS) cited herein governed audits of financial statements for fiscal years ending December 15, 2017, through December 14, 2020. The standards effective for audits beginning December 15, 2020, were not materially different for purposes of the allegations in this Amended Complaint.

<sup>42</sup> AS 1001.02; *see also* AS 2401.

<sup>43</sup> AS 1015.01, 1015.07 - 1015.09, 2401.13.



	material misstatement for each relevant assertion of each significant account and disclosure, including fraud risk.
AS 2410.03 and AS 2410.14 - 2410.18	Require the auditor to perform procedures to obtain an understanding of the company's relationships and transactions with its related parties that might reasonably be expected to affect the risk of material misstatement of the financial statements, including whether related-party transactions have been properly accounted for and disclosed.
AS 1015.01 and AS 1015.07 - 1015.09 and AS 2401.13	Require an auditor to apply "due professional care," including the appropriate "professional skepticism." Professional skepticism requires the auditor to maintain a questioning mind and critically assess the audit evidence it obtains.
AS 1105.04 and AS 1105.29, AS 2810.08	Prohibit an auditor from issuing any unqualified opinion when it fails to gather sufficient appropriate audit evidence necessary to support its opinion. When audit evidence obtained from one source is inconsistent with that from another, or if the auditor has doubts regarding the reliability of audit evidence, auditors are required to perform additional procedures necessary to resolve the matter.
AS 2401.66 - 2401.67A, AS 2410.05 and AS 2410.11 - 2410.12	Require, as applicable, that auditors understand the business rationale for significant unusual transactions including corresponding related-party transactions and evaluate whether the rationale—or lack of rationale—suggest that the transaction may have been entered into to engage in fraudulent financial reporting or conceal the misappropriation of assets. Require additional evaluation and measures for identified related party transactions required to be disclosed or determined to be a significant risk.

## II. The Auditor Defendants Issued Audit Opinions That Contained False and Misleading Statements

170. Because they intentionally and/or recklessly failed to perform their audits in compliance with the PCAOB Standards, the Auditor Defendants' clean audit opinions contained false and misleading statements and allowed the Brooge Defendants to perpetrate the fake invoicing scheme, overstate Brooge's revenue, and cause investors to purchase Brooge securities at inflated prices.<sup>44</sup>

171. E&Y included an audit opinion on Brooge's FY2018 financials in the Proxy. In opining that the consolidated financial statements presented fairly, in all

<sup>44</sup> Though the Company later announced at points that its prior financials could not be relied upon, as described herein, neither E&Y nor PwC appear to have formally withdrawn their audit opinions.

1 material respects, the financial position of Brooge and its subsidiaries as of  
2 December 31, 2018, E&Y stated the following:

3 To the Shareholders and the Board of Directors of Brooge Petroleum  
4 and Gas Investment Company FZE

### 5 **Opinion on the Financial Statements**

6 We have audited the accompanying statements of financial position of  
7 Brooge Petroleum and Gas Investment Company FZE (the Company)  
8 as of 31 December 2018 and 2017, the related statements of  
9 comprehensive income, changes in equity and cash flows for each of  
10 the two years in the period ended 31 December 2018, and the related  
11 notes (collectively referred to as the “financial statements”). *In our  
opinion, the financial statements present fairly, in all material  
respects, the financial position of the Company at 31 December 2018  
and 2017, and the results of its operations and its cash flows for each  
of the two years in the period ended 31 December 2018, in conformity  
with International Financial Reporting Standards (IFRS) as issued  
by the International Accounting Standards Board.*

### 12 **The Company’s Ability to Continue as a Going Concern**

13 The accompanying financial statements have been prepared assuming  
14 that the Company will continue as a going concern. As discussed in  
15 note 2.2 to the financial statements, the Company has a working capital  
16 deficiency and has not complied with certain covenants included in its  
17 bank loan agreements. These conditions raise substantial doubt about  
18 the Company’s ability to continue as a going concern. Management’s  
19 evaluation of the events and conditions and management’s plans  
20 regarding these matters also are described in note 2.2. The financial  
21 statements do not include any adjustments to reflect the possible future  
22 effects on the recoverability and classification of assets or the amounts  
23 and classification of liabilities that may result from the outcome of this  
24 uncertainty.

### 25 **Restatement of 2017 Financial Statements**

26 As discussed in note 2.4 to the financial statements, the 2017 financial  
27 statements have been restated to correct a number of misstatements.

### 28 **Basis for Opinion**

These financial statements are the responsibility of the Company’s  
management. Our responsibility is to express an opinion on the  
Company’s financial statements based on our audits. We are a public  
accounting firm registered with the Public Company Accounting  
Oversight Board (United States) (PCAOB) and are required to be  
independent with respect to the Company in accordance with the U.S.  
federal securities laws and the applicable rules and regulations of the  
Securities and Exchange Commission and the PCAOB.

*We conducted our audits in accordance with the standards of the  
PCAOB.* Those standards require that we plan and perform the audit to

1 obtain reasonable assurance about whether the financial statements are  
2 free of material misstatement, whether due to error or fraud. The  
3 Company is not required to have, nor were we engaged to perform, an  
4 audit of its internal control over financial reporting. As part of our  
audits we are required to obtain an understanding of internal control  
over financial reporting but not for the purpose of expressing an opinion  
on the effectiveness of the Company's internal control over financial  
reporting. Accordingly, we express no such opinion.

5 Our audits included performing procedures to assess the risks of  
6 material misstatement of the financial statements, whether due to error  
or fraud, and performing procedures that respond to those risks. Such  
7 procedures included examining, on a test basis, evidence regarding the  
amounts and disclosures in the financial statements. Our audits also  
8 included evaluating the accounting principles used and significant  
estimates made by management, as well as evaluating the overall  
9 presentation of the financial statements. ***We believe that our audits  
provide a reasonable basis for our opinion.***

10 /s/ Ernst & Young

11 We have served as the Company's auditor since 2018.

12 Abu Dhabi, United Arab Emirates

27 September 2019

13 172. The following statements from that audit opinion were materially false  
14 and misleading statements of actual fact:

- 15 • E&Y's statement that it "conducted [its] audits in accordance with the  
16 standards of the PCAOB" was materially false and misleading because,  
17 as E&Y knew or was reckless in not knowing, E&Y did not conduct its  
18 audit of Brooge's financials in accordance with applicable PCAOB  
19 Standards for the reasons set forth in ¶¶181-246 below.
- 20 • E&Y's statement that it "believe[d] that [its] audits provide[d] a  
21 reasonable basis for [its] opinion" was materially false and misleading  
22 because, as E&Y knew or was reckless in not knowing, E&Y's audit  
23 did not provide a reasonable basis to issue its clean audit opinion on  
24 Brooge's financials for the reasons set forth in ¶¶181-246 below.
- 25 • E&Y's statement that "[i]n [its] opinion, the financial statements  
26 present[ed] fairly, in all material respects, the financial position of the  
27 Company at 31 December 2018 and 2017, and the results of its  
28

1 operations and its cash flows for each of the two years in the period  
2 ended 31 December 2018, in conformity with International Financial  
3 Reporting Standards (IFRS),” was materially false and misleading  
4 because, as E&Y knew or was reckless in not knowing, Brooge’s  
5 consolidated financial statements did not fairly represent the financial  
6 picture of Brooge as set forth in ¶¶181-246 below.

7 173. E&Y also included an audit opinion on Brooge’s FY2019 financials in  
8 the FY2019 Form 20-F. E&Y essentially repeated its FY2017-2018 opinion with  
9 no material, relevant differences,<sup>45</sup> opining that the consolidated financial statements  
10 presented fairly, in all material respects, the financial position of Brooge and its  
11 subsidiaries as of December 31, 2019.

12 174. This audit opinion also appeared in the amended FY2019 Form 20-F  
13 filed on November 27, 2020, the FY2020 Form 20-F filed on April 5, 2021, the  
14 amended FY2020 Form 20-F filed on April 6, 2021, the Form F-1 Registration  
15 Statement filed on August 17, 2020, the Prospectus Supplement (424B3) filed on  
16 August 26, 2020, and the February 4, 2021 Post-Effective Amendment No. 1 to the  
17 Form F-1 Registration Statement. *See* Appendix B.

18 175. The following statements from the FY2019 audit opinion were  
19 materially false and misleading statements of actual fact:  
20  
21

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22 <sup>45</sup> For example, the FY2019 audit opinion referred to the “consolidated financial  
23 statements,” versus just the “financial statements.” The FY2019 audit opinion also  
24 removed language stating that Brooge “ha[d] not complied with certain covenants  
25 included in its bank loan agreements,” replacing it with a note that Brooge “may not  
26 be able to repay debt instalments and capital expenditure requirements from  
27 projected financial resources.” The statement that “[t]he financial statements do not  
28 include any adjustments to reflect the possible future effects on the recoverability  
and classification of assets or the amounts and classification of liabilities that may  
result from the outcome of this [going concern] uncertainty” was replaced by a  
statement that “[t]he consolidated financial statements do not include any  
adjustments that might result from the outcome of this [going concern] uncertainty.”  
The restatement of the 2017 financials was not mentioned in the FY2019 audit  
opinion.

- 1 • E&Y’s statement that it “conducted [its] audits in accordance with the  
2 standards of the PCAOB” was materially false and misleading because,  
3 as E&Y knew or was reckless in not knowing, E&Y did not conduct its  
4 audit of Brooge’s financials in accordance with applicable PCAOB  
5 Standards for the reasons set forth in ¶¶181-246 below.
- 6 • E&Y’s statement that it “believe[d] that [its] audits provide[d] a  
7 reasonable basis for [its] opinion” was materially false and misleading  
8 because, as E&Y knew or was reckless in not knowing, E&Y’s audit  
9 did not provide a reasonable basis to issue its clean audit opinion on  
10 Brooge’s financials for the reasons set forth in ¶¶181-246 below.
- 11 • E&Y’s statement that “[i]n [its] opinion, the financial statements  
12 present[ed] fairly, in all material respects, the financial position of the  
13 Company at 31 December 2019 and 2018, and the results of its  
14 operations and its cash flows for each of the three years in the period  
15 ended 31 December 2019, in conformity with International Financial  
16 Reporting Standards (IFRS),” was materially false and misleading  
17 because, as E&Y knew or was reckless in not knowing, Brooge’s  
18 consolidated financial statements did not fairly represent the financial  
19 picture of Brooge as set forth in ¶¶181-246 below.

20 176. On October 20, 2020, Brooge filed a Form 6-K announcing that on  
21 October 8, 2020, Brooge’s Audit Committee had “appointed  
22 PricewaterhouseCoopers LLP (‘PwC’) as the Company’s independent registered  
23 public accounting firm, effective immediately,” and that it had concurrently  
24 “approved the resignation of Ernst & Young (‘E[&]Y’) from serving as the  
25 Company’s independent registered public accounting firm, effective immediately.”  
26 As the successor auditor, PwC had a duty under professional standards to adhere to  
27 policies and procedures that provided the firm with reasonable assurance that risks  
28



1 associated with its audit services were appropriately considered and minimized the  
2 likelihood of being associated with a client whose management lacked integrity.

3 177. PwC's responsibilities included making sufficient inquiries with E&Y  
4 to determine whether to accept the Brooge audit engagement, including  
5 understanding the reasons for changing auditors and understanding the nature of the  
6 Company's relationships with related parties and significant unusual transactions.

7 178. PwC included its 2020 audit opinion on Brooge's FY2020 financials in  
8 the FY2020 Form 20-F. In opining that the consolidated financial statements  
9 presented fairly, in all material respects, the financial position of Brooge and its  
10 subsidiaries as of December 31, 2020, PwC stated the following:

11 To Board of Directors and Shareholders of Brooge Energy Limited

12 **Opinion on the Financial Statements**

13 We have audited the accompanying consolidated statement of financial  
14 position of Brooge Energy Limited and its subsidiaries (the  
15 "Company") as of December 31, 2020, and the related consolidated  
16 statements of comprehensive income, changes in equity and cash flows  
17 for the year then ended, including the related notes (collectively  
18 referred to as the "consolidated financial statements"). *In our opinion,*  
19 *the consolidated financial statements present fairly, in all material*  
20 *respects, the financial position of the Company as of December 31,*  
21 *2020, and the results of its operations and its cash flows for the year*  
22 *then ended in conformity with International Financial Reporting*  
23 *Standards as issued by the International Accounting Standards*  
24 *Board.*

25 **Basis for Opinion**

26 These consolidated financial statements are the responsibility of the  
27 Company's management. Our responsibility is to express an opinion on  
28 the Company's consolidated financial statements based on our audit.  
We are a public accounting firm registered with the Public Company  
Accounting Oversight Board (United States) (PCAOB) and are  
required to be independent with respect to the Company in accordance  
with the U.S. federal securities laws and the applicable rules and  
regulations of the Securities and Exchange Commission and the  
PCAOB.

*We conducted our audit of these consolidated financial statements in*  
*accordance with the standards of the PCAOB.* Those standards require  
that we plan and perform the audit to obtain reasonable assurance about  
whether the consolidated financial statements are free of material  
misstatement, whether due to error or fraud. The Company is not  
required to have, nor were we engaged to perform, an audit of its



1 internal control over financial reporting. As part of our audit we are  
2 required to obtain an understanding of internal control over financial  
3 reporting but not for the purpose of expressing an opinion on the  
effectiveness of the Company's internal control over financial  
reporting. Accordingly, we express no such opinion.

4 Our audit included performing procedures to assess the risks of material  
5 misstatement of the consolidated financial statements, whether due to  
6 error or fraud, and performing procedures that respond to those risks.  
Such procedures included examining, on a test basis, evidence  
7 regarding the amounts and disclosures in the consolidated financial  
8 statements. Our audit also included evaluating the accounting  
principles used and significant estimates made by management, as well  
as evaluating the overall presentation of the consolidated financial  
statements. ***We believe that our audit provides a reasonable basis for  
our opinion.***

9 /s/ PricewaterhouseCoopers LLP  
Dubai, United Arab Emirates  
10 April 5, 2021

11 We have served as the Company's auditor since 2020.

12 179. This audit opinion also appeared in the amended FY2020 Form 20-F  
13 filed on April 6, 2021.

14 180. The following statements from the PwC FY2020 audit opinion were  
15 materially false and misleading statements of actual fact:

- 16 • PwC's statement that it "conducted [its] audit of these consolidated  
17 financial statements in accordance with the standards of the PCAOB"  
18 was materially false and misleading because, as PwC knew or was  
19 reckless in not knowing, PwC did not conduct its audit of Brooge's  
20 financials in accordance with applicable PCAOB Standards for the  
21 reasons set forth in ¶¶181-239 below.
- 22 • PwC's statement that it "believe[d] that [its] audit provide[d] a  
23 reasonable basis for [its] opinion" was materially false and misleading  
24 because, as PwC knew or was reckless in not knowing, PwC's audit did  
25 not provide a reasonable basis to issue [its] clean audit opinion on  
26 Brooge's financials for the reasons set forth in ¶¶181-239 below.
- 27 • PwC's statement that "[i]n [its] opinion, the consolidated financial  
28 statements present[ed] fairly, in all material respects, the financial

1 position of the Company as of December 31, 2020, and the results of  
2 its operations and its cash flows for the year then ended in conformity  
3 with International Financial Reporting Standards,” was materially false  
4 and misleading because, as PwC knew or was reckless in not knowing,  
5 Brooge’s consolidated financial statements did not fairly represent the  
6 financial picture of Brooge as set forth in ¶¶181-239 below.

7 **III. The Auditor Defendants Knew and/or Were Reckless in Ignoring a Series**  
8 **of Red Flags in Issuing Their Respective Clean Audit Opinions**

9 181. Throughout the Class Period, there were a series of significant red flags  
10 regarding the fake invoicing scheme and overstated revenue that the Auditor  
11 Defendants knew or were reckless in not knowing. These red flags relate to several  
12 different issues including that (a) the Company relied on a related party for 100% of  
13 its revenue; (b) clear inconsistencies existed between contractual terms and the  
14 actual rates and usage by the Company’s customers; (c) material weaknesses in  
15 internal controls were identified; (d) the Company had twice previously restated its  
16 financials; and (e) there was uncertainty regarding the Company’s ability to continue  
17 as a going concern.

18 182. E&Y’s client acceptance process purports to involve “a careful  
19 consideration of the risk characteristics of a prospective client and several due  
20 diligence procedures, including an assessment of the need for internal investigation  
21 among our partners; making timely confidential inquiries of attorneys, bankers,  
22 underwriters, and other sources; and/or investigation by a private investigative  
23 agency, where appropriate, to obtain information concerning the reputation or  
24 integrity of persons within the key management group of the prospective client.”  
25 This “rigorous” process “requires significant levels of consultation and approval  
26  
27  
28

1 before a new audit client that has, or is expected to have, publicly traded debt or  
2 equity securities is accepted.”<sup>46</sup>

3 183. Furthermore, E&Y reviews whether to continue its existing  
4 relationships on an annual basis. During this continuance review, “certain audit  
5 engagements are identified as requiring, and are then subjected to, additional  
6 oversight procedures during the audit, and some are discontinued.” Importantly,  
7 “[b]oth client acceptance and client continuance decisions depend on, among other  
8 things, the absence of any perception that a company’s management pressures the  
9 audit engagement team to accept inappropriate accounting and reporting. Our  
10 considerations and conclusions on the integrity of management are essential to our  
11 acceptance and continuance decisions.”<sup>47</sup>

12 184. Similarly, PwC’s client acceptance and retention process “involves a  
13 determination by the engagement team, industry experts and risk management  
14 professionals of whether the risks related to an existing client or a potential client  
15 are manageable, and whether or not we should be associated with the particular  
16 company and its management.” PwC purportedly “decline[s] to propose, accept, or  
17 retain work when the risks are considered not to be manageable.”<sup>48</sup>

18 185. PwC’s client acceptance process evaluates “[t]he reputation of the  
19 company and its management,” “[a]ny incentives or inclinations for management to  
20 manipulate reported results,” “[a]ny significant transactions structured to achieve  
21 revenue recognition,” “[a]ny transactions with related parties that are not part of the  
22 consolidated group,” and “[a]ny indications that the company might be in financial  
23 difficulty.” PwC’s process “is a powerful enabler, but the real backbone of our client  
24 acceptance and continuance process is the significant time invested by our risk  
25  
26

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27 <sup>46</sup> E&Y (Bahrain) PCAOB Form 1, Ex. 4.1.1.

28 <sup>47</sup> E&Y (Bahrain) PCAOB Form 1, Ex. 4.1.1.

<sup>48</sup> PwC (Dubai) PCAOB Form 1, Ex. 4.1.1.

management partner(s),” who are “senior partners with stature and independence who provide key input into the decision to accept or continue a client relationship.”<sup>49</sup>

186. As identified below, the red flags, whether considered individually or in the aggregate, placed the Auditor Defendants on notice of the facts ultimately revealed, which would have been uncovered if appropriate processes were in place.

187. In addition to the normal motivations auditors have to maintain relationships with their audit clients, the Auditor Defendants here had an additional, powerful motivation to continue auditing Brooge even in the face of the significant and prevalent red flags set forth below: one of Brooge’s substantial shareholders (15.6% as reported in the Proxy) was His Highness Sheikh Mohammad bin Khalifa bin Zayed Al Nahyan (“Sheikh MBK”), the son of the previous President of the United Arab Emirates, Sheikh Khalifa bin Zayed bin Sultan Al Nahyan. As auditing firms operating in the Middle East and routinely in the U.A.E., exposing the Brooge fraud (and thereby derailing a company in which Sheikh MBK had a meaningful investment) could well have hindered the Auditor Defendants’ business in the country; on the other hand, currying favor with Sheikh MBK by continuing to provide clean audit opinions to his company could have enhanced their business prospects. Regardless of the amount of revenue the Auditor Defendants generated from their audits of Brooge, Sheikh MBK’s involvement was an important additional motivation for them to continue providing clean audit opinions for Brooge even in the face of the glaring red flags outlined below.

**A. The Company’s Reliance on and Dealings with the Phase I Customer and BIA (E&Y and PwC)**

188. Everything about Brooge’s dealings with the Phase I Customer and, in particular, BIA constituted major unavoidable red flags.

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<sup>49</sup> PwC (Dubai) PCAOB Form 1, Ex. 4.1.1.

1           189. **First**, for all of FY2018-2019 and part of FY2020, Brooge was reliant  
2 on a single customer for **100%** of its revenue: the Phase I Customer through July  
3 2019, and from August 2019 to April 2020, BIA. Brooge’s reliance on a single  
4 customer for the entirety of its revenue was a red flag that merited further scrutiny.  
5 At a minimum, heightened due diligence on the customer relationship was required,  
6 given the importance of first the Phase I Customer and then BIA to Brooge’s ability  
7 to continue as a going concern.

8           190. **Second**, the scrutiny required increased dramatically when the sole  
9 source of Brooge’s revenue shifted from the Phase I Customer to BIA (an  
10 acknowledged related party until early 2020) due to the “restructuring” of Brooge’s  
11 contract with the Phase I Customer, which effectively replaced the Phase I Customer  
12 with BIA on the exact same terms. Nearly two years had passed between the time  
13 the Phase I Customer signed the take-or-pay contract in December 2017 and when  
14 the restructuring occurred in or around August 2019. The idea that conditions in the  
15 volatile oil markets<sup>50</sup> had remained wholly unchanged during that period and that  
16 both the Company and BIA would be content to continue the contract on the previous  
17 terms should have provoked extreme skepticism from the Auditor Defendants.

18           191. **Third**, that skepticism should have skyrocketed given that, at the time  
19 of the restructuring, **BIA was a related party**. Though the Proxy filed in November  
20 2019 promised investors that the conflicted individual, Muktar, was going to rid  
21 herself of her ownership stake in BIA via a “planned sale,” BIA was still a related  
22 party in August 2019 when the restructuring occurred, as the Proxy itself admitted.  
23 The Proxy also made clear that, subsequent to the Business Combination, Muktar  
24 held 8.2% of Brooge’s shares through two entities she owned and controlled. This  
25 was a very significant red flag.

26  
27 <sup>50</sup> As the Proxy itself noted in the context of demand for Brooge’s ancillary  
28 services, “current or expected prices and market demand for refined petroleum  
products...can be volatile.”

1           192. *Fourth*, BIA was not just Brooge’s new counterparty in the take-or-pay  
2 contract for the lease of the Phase I storage facilities; it was also Brooge’s  
3 counterparty in the lease of the yet-to-be-completed Phase II storage facilities. As  
4 with the Phase I take-or-pay contract, Brooge’s original counterparty for the Phase  
5 II take-or-pay contract had been a third party (in this case, the “Phase II Customer”)   
6 when the contract was signed in 2018. Then, in September 2019, that contract, too,  
7 was “restructured” and the Phase II Customer replaced with BIA. That BIA once  
8 again stepped in and replaced an unaffiliated and unrelated counterparty in one of  
9 Brooge’s contracts was another major red flag.

10           193. BIA’s role raised further questions in February of 2020, after Brooge’s  
11 unaffiliated partner in a planned refinery dropped out and was—once again—  
12 replaced by BIA. Unlike with the Phase I and II Customers, however, the contract  
13 at issue was not a take-or-pay storage contract. Now, BIA was going to work with  
14 Brooge “to finalize the technical and design feasibility studies for a refinery with a  
15 capacity of 25,000 bpd to be located on [Brooge]’s Phase I and II land and operated  
16 by [Brooge],” which would include negotiation of “a sublease agreement and a joint  
17 venture agreement to govern the terms on which [Brooge] will sublease land to BIA  
18 to locate, BIA will construct, and [Brooge] will operate, the refinery.” That BIA,  
19 even if no longer purporting to be a related party,<sup>51</sup> was now taking the place of an  
20 unaffiliated and unrelated party in a *third* Brooge contract that was completely  
21 different in kind from the other two contracts was extremely suspicious and  
22 constituted a red flag that the Auditor Defendants could not avoid.

23           194. E&Y recognized that Brooge’s relationship with BIA remained  
24 problematic even into 2020. In a July 7, 2020 Audit Committee meeting (convened  
25 at E&Y’s request), E&Y partner Anthony O’Sullivan “noted that the Company ha[d]  
26

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27 <sup>51</sup> The FY2022 Form 20-F, filed well after both Auditor Defendants had ceased  
28 to provide audit services for Brooge, stated that Muktar purportedly ceased to be a  
partner in BIA in February 2020.



1 entered into various agreements with...BIA. Although BIA is not considered a  
2 related party based on accounting standards for the financial year end 2019 audit,  
3 however *there were multiple transactions subsequent to the yearend which could*  
4 *be assessed in detail for [the] 2020 audit.*” Though O’Sullivan opined “that various  
5 agreements with BIA [we]re in place for the appropriate reasons,” he thought “for  
6 the record” that “the Directors of the Company should analyze these transactions,  
7 and should undertake required diligence to obtain comfort on these transactions,”  
8 reflecting continued discomfort with BIA’s ongoing relationship Brooge and the red  
9 flags it raised.<sup>52</sup>

10 195. *Fifth*, with respect to PwC, beginning in April 2020, BIA began to lease  
11 back to Brooge portions of its Phase I storage under the take-or-pay contract, which  
12 Brooge then leased to new customers under new agreements. At the time, there were  
13 still three and a half years remaining under Brooge’s Phase I contract with BIA. The  
14 new terms were in Brooge’s favor. On December 17, 2020, for example, it  
15 announced that it was re-leasing the newly leased-back storage to another oil  
16 company at a whopping **60%** premium to Brooge’s previous contracts. BIA,  
17 however, had the ability to sublease under the terms of its contract, and there was no  
18 reason for it to lose out on lucrative subleasing arrangements as the global demand  
19 for oil storage rose. The only reason for BIA to agree to the leasebacks was if it was  
20 still a related party, and benefitting alongside Brooge, as turned out to be the case.  
21 The leaseback thus serves as another significant red flag.

22 196. Critically, PwC had recognized the unusual nature of BIA’s role in  
23 Brooge’s business from the time of its appointment as Brooge’s auditor on October  
24

25 <sup>52</sup> Indeed, after noting these deficiencies, O’Sullivan further highlighted E&Y’s  
26 ongoing concerns, disclosing that E&Y was “in internal discussions to assess  
27 continuation as statutory auditors of the Company, given the various issues faced  
28 during the audit for 2019.” O’Sullivan’s commentary in this context confirms that  
E&Y’s discomfort with the BIA relationship was one of the reasons they were  
considering terminating (and ultimately did terminate) the auditing relationship with  
Brooge—albeit without revising or withdrawing their audit opinion or otherwise  
flagging the issues for investors.

1 8, 2020. An audit partner (Viren Lodhia), a director (Muhammad Omer Shafique),  
2 and a manager (Ume Farwa Jafer) attended the November 8, 2020 meeting of  
3 Brooge's Audit Committee and flagged the issue of BIA from the outset. The draft  
4 meeting minutes stated that Lodhia "noted that as part of the year end audit they will  
5 **reassess the status of BIA, currently disclosed as an unrelated party** in the books  
6 of accounts."

7 197. *Sixth*, in conducting its 2020 year-end audit, PwC uncovered a major  
8 red flag regarding BIA, which it had planned to—but did not—raise with the Audit  
9 Committee after Brooge's management begged it not to report the issue. This alone  
10 should have caused PwC to revisit every assessment it had made regarding Brooge's  
11 relationship with BIA.

12 198. Specifically, on March 23, 2021, PwC director Shafique sent Masood a  
13 draft of PwC's audit committee report for FY 2020. The presentation noted under  
14 "Significant changes to audit plan" that "[d]isbursements from certain bank accounts  
15 have been identified as a significant risk." In the slide on "Audit risks and results,"  
16 PwC included a "Risk of misappropriation of assets – Disbursements from the CBD  
17 and EIB bank accounts **do not have a valid business purpose.**" In its summary of  
18 procedures performed to address the risk, PwC stated that it "selected transactions  
19 with values in excess of \$ 350 thousand from the bank statements and **inspected the**  
20 **underlying supporting documents**, to verify that the transactions were for the  
21 purposes of the Company's business."

22 199. That review would have identified and, in fact, *did* identify a transfer  
23 of AED 6,000,500 from BPGIC FZE to BIA on June 1, 2020, which was labeled as  
24 an "**intercompany transfer**" by Brooge. Given BIA's acknowledged status as a  
25 previously (but allegedly, no longer) related party to Brooge, this transfer was highly  
26 significant. PwC did not identify the issue as resolved.

27 200. The Executive Defendants recognized the significance of PwC's  
28 finding immediately. Masood sent a frantic email back to Shafique, writing:

1 I came to know from [another Brooge employee,] Hassan [Khan,] that  
2 several items are . . . under discussion between you and Hassan and  
*might be removed from the list*, apart from [sic] that I also request[ed]  
Viren [Lodhia, PwC audit partner] [make] certain changes.

3 Would wait for the revised document, please let me know if any  
4 discussions are required with me[.]

5 201. Masood was less sanguine in the email he sent to Defendant  
6 Paardenkooper less than a week later. In that email, he wrote (all emphasis and  
7 typographical errors in the original):

8 **DEAR NICO,**

9 **PWC HAS IDENTIFIED A TRANSACTION OF AED 6,000,500/-**  
10 **DURING JUNE 2020, WHEREIN THE AMOUNT WAS**  
11 **TRANSFERRED TO BIA AND LATER BROUGHT BACK TO**  
12 **BPGIC ACC (WITH FAB [First Abu Dhabi Bank]). WHERE**  
13 **FINANCE TRIED TO PROOVE AS PER EMAIL**  
14 **CORRESPONDENCE THAT THIS WAS DONE**  
15 **ERRONEOUSLY, PWC IS OF THE OPINION THAT THIS**  
16 **AMOUNT OF TRANSACTION BEING TRANSFERRED**  
17 **ERRONEOUSLY THAT TOO, TO YOUR BIGGEST**  
18 **CUSTOMER IS NOT MAKING ANY SENSE AND IS A CLEAR**  
19 **LACK OF CONTROL. WE MANAGED SOMEHOW FOR**  
20 **THEM NOT TO HIGHLIGHT IT AS AN UNRESOLVED ITEM**  
21 **TO AUDIT COMMITTEE, THEY AGREE TO IT PROVIDED**  
22 **AN EMAIL TO BE SENT DREICTLY TO PWC FROM THE**  
23 **CEO OF THE COMPANY.**

24 **I AM DRAFTING AN EMAIL BELOW FOR YOU TO SEND**  
25 **DIRECTLY TO PWC AND RESOLVE THE ISSUE, HAPPY TO**  
26 **DISCUSS**

27 202. Per Masood, PwC had recognized that such a large transfer being made  
28 “erroneously” “to your biggest customer” was “not making any sense” and was “a  
clear lack of control.” Masood also told Defendant Paardenkooper that they had  
“managed *somehow* for them *not to highlight it as an unresolved item to [the] Audit*  
*Committee*,” indicating his own surprise that PwC had acquiesced to his alarming  
request not to flag the issue as unresolved for the Board’s Audit Committee.

203. On March 30, 2021, Defendant Paardenkooper sent a lightly revised  
version of Masood’s draft email to PwC’s audit partner, Lodhia, which read:

With reference to a financial transaction in June 2020 kindly find the  
response below:

**Background:**

Just as a background to this transaction, the company had to transfer AED 6,000,500 as an Intercompany Transfer to its account with First Abu Dhabi Bank to meet its Loan commitment of AED 11 Million on or before 30th June 2020. Accordingly, the letter was prepared on 1st June 2020 and submitted for signature of the signatories. As filled on this transfer letter form the transfer was an Inter-Company Transfer in purpose of payment which indicates that the transfer was to be done within the company. However due to the extra busy period in finance dept at that time and due to urgency of timely filing our financials, an error crept in wherein the transfer letter was wrongly addressed to Al Brooge International Advisory LLC and accordingly the transfer was erroneously made to BIA instead of our account with FAB.

However, this was subsequently rectified in 2 working days through correspondence with BIA wherein they had transferred that amount to our account with FAB through a special clearing cheque for AED 6 Million (They deducted AED 500 towards their bank charges that they were charged on account of that transfer they received from BPGIC FZE). As we understand that while we were working towards establishing controls on processes then this lapse had occurred. The management has already issued strict warnings to the concerned staff in company responsible for this error. However, since this error was noticed and acted upon by the same staff, HR and senior management decided not to release these staffs from their duties on account of such a negligence.

**Remedial Steps Taken:**

As a corrective action, as you would have noticed during the audit, we have changed the entire process which includes change in signatories and shifting majority of payments (entire revenues) via an online platform through HSBC requiring 2 signatories and a prior approval from CFO and a Board Member (AC). Also, all sales proceeds are now being assigned to and received in HSBC accounts. We have also started the process of changing signatories in all other bank accounts while the same is already done with Commercial Bank of Dubai ensuring that no such type of errors re-occur in future.

Trust the above adequately clarifies the abovementioned transaction and the steps to avoid reoccurrence.

204. The following day, Lodhia replied simply: “Many thanks indeed for this memo. If there [are] any further clarifications necessary we will reach out to you.”

205. The final version of the year-end report sent to the Audit Committee treated the “erroneous” transfer as resolved, with PwC’s findings set forth as follows:

We identified an erroneous transfer of AED 6 million to BIA on 3 June 2020 from the CBD bank account. The error was identified and funds were recovered within two working days from BIA. According to management, the transfer was intended for the Company's FAB account and BIA was erroneously mentioned on the transfer letter. Remedial actions taken by management include changing bank signatories, shifting majority of payments to an online platform requiring two signatories and prior approval of CFO and an AC member and issuing warning letters to the employees involved in the error.

206. This language was not present in the original version of the presentation sent to Masood on March 23, 2021.

207. The issue was briefed for the Audit Committee at least by June 9, 2021, at an Audit Committee meeting which PwC's engagement partner, Lodhia, and its director, Shafique, attended. The draft meeting minutes for that meeting reflect that PwC had identified other problems with the transfer in addition to the above—namely, that it was authorized by Brooge's majority shareholders, who were still signatories for the Company's bank accounts *through 2020*. The minutes stated:

### 3.1.3 Related Party Transactions:

Bank Account Signatory: For the financial year ended 31 Dec 2020 the majority shareholders of the Company were *acting as signatories to all of the Company's bank accounts*, which was subsequently changed in 2021....

Pwc as part of the 31 Dec 2020 audit conducted audit procedures on these bank accounts and it had come to their attention of certain corrections pertaining to a payment, for which satisfactory explanations were provided by the management.

208. In summary, PwC had clearly recognized the fundamental issue (albeit belatedly, since they did not report on it in their half-year report for the period ended June 30, 2020), but ignored the several major and serious red flags it presented. They knew, *at a minimum*, that Brooge's operating subsidiary, which had Brooge's majority shareholders as the signatories on its bank accounts through 2020, had made a large transfer to BIA, Brooge's largest *customer* and a former *related party*, which was earmarked as an "inter-company transfer" and had no "valid business purpose" that PwC could discern. After identifying the issue in a draft report to the Audit Committee sent to Brooge's management, that same management "somehow"



1 convinced PwC to hold off on identifying the transfer as an unresolved issue to the  
2 Audit Committee until they could cobble together a flimsy excuse for the transfer  
3 that PwC could rubberstamp before it went up to the Audit Committee.

4 209. In ignoring these red flags when conducting their audits, the Auditor  
5 Defendants intentionally and/or recklessly violated the PCAOB Standards described  
6 infra, specifically those standards: (a) requiring an understanding of the transaction  
7 at issue (AS 2110.07 - 2110.17); (b) requiring an appropriate audit response to risks  
8 of material misstatement, including fraud risk (AS 2301.08 and AS 2301.13); (c)  
9 applicable to related-party transactions (AS 2410.03 and AS 2410.14 - 2410.17); (d)  
10 requiring due care and professional skepticism (AS 1015.01 and AS 1015.07 -  
11 1015.09 and AS 2401.13); (e) applicable to significant unusual transactions,  
12 including related party transactions (AS 2401.66 - 2401.67A, AS 2410.05 and AS  
13 2410.11 - 2401.12); and (f) regarding sufficiency of audit evidence obtained,  
14 including the questionable reliability of audit evidence received (AS 1105.04 and  
15 AS 1105.29).

16 **B. Clear Inconsistencies Between Reported Usage/Industry Prices and**  
17 **Contract Terms (E&Y and PwC)**

18 210. Additionally, clear inconsistencies between the reported usage of  
19 Brooge's facilities and the going rate for oil storage on the one hand, and the terms  
20 of Brooge's Phase I take-or-pay contract on the other, served as further serious red  
21 flags.

22 211. *First*, with respect to E&Y, E&Y was fully aware that although Brooge  
23 was supposed to be receiving **100%** of its revenue from the Phase I Customer under  
24 the terms of the take-or-pay agreement, it was actually receiving revenue from  
25 different customers in 2018—and even from BIA, a related party, despite the fact  
26 that the take-or-pay agreement would not be novated to replace the Phase I Customer  
27 with BIA until August 2019.



1           212. On July 11, 2018, Brooge’s finance manager emailed E&Y employee  
2 Muhammad Umar Farooq<sup>53</sup> (at an E&Y email address) a copy of what purported to  
3 be a bank statement for Brooge’s operating subsidiary, BPGIC FZC, for the months  
4 January through June 2018. The bank statement included transfers from at least one  
5 oil storage customer other than the Phase I Customer: Sahara Energy Resource  
6 Limited (“Sahara”), which made multiple transfers to the account during the six-  
7 month period covered by the statement.<sup>54</sup>

8           213. Specifically, the bank statement reflects transfers of AED 990,410.40  
9 from Sahara to Brooge Petroleum and Gas Investment Company FZC (n/k/a BPGIC  
10 FZE) on January 18, 2018 and February 20, 2018; a transfer of AED 263,074.32  
11 from Sahara to BPGIC FZC on March 15, 2018; transfers of AED 1,141,461.70 from  
12 Sahara to BPGIC FZC on March 26, 2018, April 16, 2018, and May 17, 2018; and  
13 a transfer of AED 856,096.27 from Sahara to BPGIC FZC on June 19, 2018.

14           214. Though Brooge was publicly claiming that all of its revenue came from  
15 the Phase I Customer, by at least July 2018, E&Y knew the truth: end users were  
16 paying Brooge directly, contradicting the terms of the take-or-pay contracts that  
17 were supposed to be “de-risking” the early phases of Brooge’s operations. This was  
18 a hugely significant red flag in the context of E&Y’s audit of Brooge.

19           215. Moreover, E&Y was also aware of the fact that Brooge was receiving  
20 large transfers from **BIA** before it became Brooge’s official counterparty to the take-  
21 or-pay agreement, when it replaced the Phase I Customer in August 2019. For

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22           <sup>53</sup> Based on his LinkedIn profile, Mr. Farooq appears to be a current E&Y  
23 employee based in the United Kingdom. Per his LinkedIn, when the email was sent,  
24 he was based in the UAE.

25           <sup>54</sup> Though Sahara would later purportedly partner with Brooge to develop a  
26 modular refinery (a joint project which never materialized, and which was ultimately  
27 discontinued in early 2020), that agreement was not made until March 2019 and was  
28 not expected to become operational until at least 2020 regardless. In 2018, therefore,  
there would have been no reason for an oil company like Sahara to have been making  
payments to Brooge other than for oil storage, which aligns with the invoice’s  
description as being for “[t]ank rental charges” (*see* ¶75, *supra*)—even though, at  
the time, Brooge’s only paying oil storage customer was supposed to have been the  
Phase I Customer, Coral Energy Pte Ltd.

1 example, the six-month bank statement that E&Y employee Farooq was sent in July  
2 2018 contained at least two substantial, unexplained transfers from BIA into the  
3 account: one for AED 1,722,920.42 and one for AED 4,485,337.35, both in April  
4 2018. Critically, both of these transfers were flagged as “inter group transfers” in  
5 the statement, making the related-party nature of the transactions clear.<sup>55</sup>

6 216. Again, especially considering that BIA was an acknowledged related  
7 party at this point in time, these transfers—“inter group transfers” from a related  
8 party, at a time when that related party was supposed to have no involvement with  
9 Brooge’s operations—were a major red flag.

10 217. **Second**, the falsified invoices that Brooge created to reconcile the  
11 actual usage of its storage facilities with the contract rates (as described above at  
12 ¶¶70-90) were inconsistent with on-site usage of Brooge’s facilities. To make the  
13 numbers work, Brooge’s fake invoices reported usage of its storage below what was  
14 actually being used in at least some instances.<sup>56</sup>

15 218. **Third**, customers’ reported usage of ancillary services was inconsistent  
16 with the falsified invoices, too. In one instance, Brooge based its revenue  
17 calculations on the Phase I Customer’s use of a substantial amount of ancillary  
18 services, when in reality, the customers who were actually using Brooge’s storage  
19 used almost no ancillary services.<sup>57</sup> At other times, Brooge would re-characterize  
20 payments made for ancillary services as storage fees.<sup>58</sup>

21 219. **Fourth**, the rates that customers were actually paying to store oil with  
22 Brooge were well below the storage rate in the Phase I take-or-pay contract. One  
23 customer, for example, was paying Brooge \$2.30 per cubic meter for storage when  
24 the contract rate was \$5.00 per cubic meter—more than **double** what the real

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25 <sup>55</sup> These transfers were separate and apart from the check payments (described  
26 above in ¶88) that BIA made to Brooge, one of which appears to be in the statement  
as a check deposit.

27 <sup>56</sup> See, e.g., ¶¶73-76, *supra*, & C&D Order ¶16.

28 <sup>57</sup> C&D Order ¶¶14-15.

<sup>58</sup> C&D Order ¶20.

customer paid.<sup>59</sup> In another instance, described above in ¶¶73-75, the customer was paying Brooge at a rate of \$3.00 per cubic meter, which was \$2.00 per cubic meter below the contract rate.

220. ***Fifth***, Brooge sent financial documents to PwC that were in deliberate contradiction to the terms of its purported contracts. Specifically, in multiple instances, PwC received (and even signed off on) evidence that the Phase I Customer had never paid Brooge a cent, and that all its income came from its related party, BIA—even before the contract was novated to replace the Phase I Customer with BIA in August 2019.

221. One example comes from documents PwC approved in its role as the auditor of BPGIC FZE, Brooge’s operating subsidiary and the source of its revenue. PwC signed off on BPGIC FZE’s financial statements for FY 2020, which included the following language regarding BPGIC FZE’s revenue:

The Group has only one segment at the reporting date. Revenue generation from leasing of storage capacity of tanks and other ancillary services started in December 2017. ***The Group had only one customer, Al Brooge International Advisory LLC (“BIA”), since the inception of the operations in 2017 and as such all revenues had been derived from BIA till April 2020.***

222. This was in direct contradiction to Brooge’s public representations that, prior to August 2019 when the Phase I contract was novated, Brooge’s only customer was the Phase I Customer and *not* BIA. Instead, here, BPGIC FZE was stating just the opposite—that its only customer was BIA, with no mention of the Phase I Customer—***in the financial statements that PwC had audited***. This was especially problematic since, until early in 2020, BIA was an acknowledged related party.<sup>60</sup>

223. As another example, on April 1, 2021, a Brooge employee sent the PwC audit team, including Shafique, an Excel spreadsheet intended to address concerns

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<sup>59</sup> C&D Order ¶16.

<sup>60</sup> Regardless of whether or not PwC had a nominally separate audit team for BPGIC FZE, versus Brooge, the Brooge team was in receipt of the BPGIC FZE financial statements that PwC approved. The Brooge team sent the signed BPGIC FZE financials to Brooge, copying Shafique and Jafer, on, *inter alia*, April 29, 2021.

1 about Brooge's ability to continue as a going concern. The spreadsheet reflects that  
2 from January 2019 through March 2020, Brooge's only storage rental revenue came  
3 from BIA—even though, as noted above, its Phase I take-or-pay contract was not  
4 novated to replace the Phase I Customer with BIA until August 2019.

5 224. In both cases, where PwC should have expected to see payments (or  
6 language reflecting payments) to the Phase I Customer, they instead saw **100%** of  
7 Brooge's storage rental income attributed to a related party: BIA. The framing of  
8 BIA as Brooge's only customer, even before the contract's novation, was a serious  
9 red flag that had continued ramifications for Brooge, since BIA remained Brooge's  
10 largest customer for FY2020.

11 225. *Sixth*, during its FY2020 audit, PwC was provided with charts  
12 purporting to show which vessels were delivering oil in Fujairah on certain dates—  
13 when, in reality, those vessels were scattered throughout the world, including off the  
14 coasts of India, Indonesia, Egypt, West Africa, and in the Gulf of Mexico.<sup>61</sup> This is  
15 another example of an inconsistency that was a clear red flag.

16 226. In ignoring these red flags when conducting their audits, the Auditor  
17 Defendants intentionally and/or recklessly violated the PCAOB Standards as  
18 described above in ¶209.

19 **C. Material Weaknesses in Internal Controls (E&Y and PwC)**

20 227. Statements in the Proxy confirmed that E&Y had identified material  
21 weaknesses in Brooge's internal controls at the time of its filing, even if E&Y had  
22 not provided a formal evaluation of those controls:

23 In connection with the preparation and external audit of [Brooge]'s  
24 financial statements as of and for the years ended December 31, 2017  
25 and December 31, 2018, [Brooge] **and our auditors**, noted material  
26 weaknesses in [Brooge]'s internal control over financial reporting. The  
27 Public Company Accounting Oversight Board has defined a material  
28 weakness as a deficiency, or a combination of deficiencies, in internal  
control over financial reporting, such that there is a reasonable

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61 C&D Order ¶24.

possibility that a material misstatement of [Brooge]'s financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified were (1) a lack of sufficient skilled personnel with requisite IFRS and SEC reporting knowledge and experience and (2) a lack of sufficient financial reporting policies and procedures that are commensurate with IFRS and SEC reporting requirements.

[Brooge] was not required to perform an evaluation of internal control over financial reporting as of December 31, 2018 or December 31, 2017 in accordance with the provisions of the Sarbanes-Oxley Act because it was a private company during those periods. Had such an evaluation been performed, additional control deficiencies may have been identified by [Brooge]'s management, and those control deficiencies could have also represented one or more material weaknesses.

228. The Form 20-F audited by PwC likewise stated:

In connection with the preparation and external audit of the Company's financial statements as of and for the years ended December 31, 2017, 2018, 2019 and 2020, the Company *and our auditors*, noted material weaknesses in the Company's internal control over financial reporting. The SEC defines a material weakness as a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected on a timely basis.

The material weaknesses identified were (i) a lack of sufficient skilled personnel with requisite IFRS and SEC reporting knowledge and experience and (ii) a lack of sufficient entity level and financial reporting policies and procedures that are commensurate with IFRS and SEC reporting requirements.

229. The material weaknesses identified in Brooge's internal controls over financial reporting were additional red flags alerting both E&Y and then PwC to the need for further investigation. Though neither was required to provide an opinion on Brooge's internal controls over financial reporting, this clear deficiency put the Auditor Defendants on notice of the need for an especially thorough audit.

230. Moreover, it was also abundantly clear that Brooge and the Executive Defendants did not take their financial reporting seriously and were instead prioritizing going after investors' cash. After E&Y partner O'Sullivan requested the Audit Committee be convened "as a debrief on the Financial Year 2019 audit for the group," a meeting was held on July 7, 2020. At that meeting, E&Y noted that



1 “[a]lthough there was a SEC reporting deadline of 30 April 2020, E[&]Y was not  
2 able to begin their audit until March,” a situation which was “mainly due to the  
3 unavailability of [Defendant Paardenkooper] and [Defendant Yammout, then CFO]  
4 for the audit kickoff meeting due to investor roadshow commitments.” The minutes  
5 also noted that when E&Y *did* begin its fieldwork in March, Brooge’s “finance team  
6 was not ready with the required details” and E&Y “observed that there was  
7 insufficient attention given to the financial reporting process.” E&Y was not even  
8 “formally” appointed until April 20, 2020—just ten days before the original SEC  
9 reporting deadline. The minutes went on to state:

10 It is E[&]Y’s view that the existing finance team is capable of simple  
11 cash accounting tasks but cannot manage the complex accounting  
12 framework and does not have the expertise to handle public Company  
13 accounting. To this effect E[&]Y noted that there were ***substantial  
changes in the accounts submitted initially and the final audited  
financial statements.***

14 ***Much of the income statement and balance sheet figures were  
changed during the course of the audit, as and when accounting  
issues were identified.*** The finance team were not able to identify  
15 accounting issues on a timely basis and had to work with external  
16 consultants on certain accounting issues.

17 231. Worse, though these issues were apparent to E&Y, E&Y did not inform  
18 the Audit Committee (and the independent directors who sat on it) about the issues.  
19 Per the meeting minutes, one of those independent directors asked E&Y why E&Y  
20 had not highlighted the issues in the earlier April 2020 meeting or at the beginning  
21 of the calendar year. E&Y’s response was lackluster: O’Sullivan “replied that  
22 material weaknesses were already highlighted by E[&]Y during the 2018 audits.”

23 232. Though PwC was not Brooge’s auditor at the time of these meetings  
24 and did not attend them, it *did* receive the minutes and had access to the same  
25 information as E&Y. An April 5, 2021 signed representation letter sent on that date  
26 by email from Brooge to PwC’s audit team (including Shafique) stated that Brooge  
27 had provided PwC with “[a]ll minutes of the meetings of stockholders, directors, and  
28



1 audit or other committees of directors,” specifically including the July 7, 2020  
2 meeting minutes described above in ¶¶230-231.

3 233. Additionally, like E&Y, PwC flagged material weaknesses in Brooge’s  
4 internal controls over financial reporting during the entirety of its tenure as Brooge’s  
5 auditor. Its report to Brooge’s Audit Committee for FY2020 also noted as  
6 “significant risks” a “[r]isk of management override of controls” and a “[r]isk of  
7 fraud in revenue recognition through manual journal entries,” and it flagged  
8 “[r]elated party balances and transactions” as an “elevated risk.” The same report  
9 identified multiple control failures. The draft audit plan for FY2021 (presented in  
10 September 2021) continued to list the same significant and elevated risks.

11 234. The red flags raised by the internal control weaknesses were further  
12 exacerbated by the information made available to E&Y and PwC described above  
13 and below in ¶¶188-226 and ¶¶236-246.

14 235. In ignoring these red flags when conducting their audits, the Auditor  
15 Defendants intentionally and/or recklessly violated the PCAOB Standards as  
16 described above in ¶209, (b), (d), and (f).

17 **D. Prior Restatements (E&Y and PwC)**

18 236. Even prior to the restatement of its FY2018-2020 financials as  
19 described above in ¶¶65, 79, Brooge had had two earlier restatements. The fact that  
20 Brooge had had two prior restatements was a significant red flag.

21 237. E&Y itself noted the first restatement in its audit opinion in the Proxy.  
22 In the Proxy’s Notes to the Financial Statements, it stated that “[s]ubsequent to the  
23 issuance of the Company’s 2017 financial statements, the Company’s management  
24 identified errors in the financial statements for the year ended 31 December 2017  
25 and determined that the 2017 financial statements should be restated.” The errors  
26 noted included the use of an incorrect discount rate for the measurement of its land  
27 lease liability, the incorrect calculation of accrued interest on one of its loan  
28 facilities, the incorrect determination of functional currency (no impact), the

1 incorrect classification of advances to contractors in the statement of cash flows,  
2 and—most importantly—the erroneous classification of Brooge’s debt as a “non-  
3 current liability.” With respect to the last point, because “the Company was not in  
4 compliance with its debt covenants,” its Phase I financing should have been  
5 “classified as a current liability.” This directly impacted the Company’s ability to  
6 continue as a going concern, as described further below, as it increased the  
7 Company’s current liabilities as of December 31, 2017 from \$14,906,680 (initial) to  
8 \$100,910,068 (restated); an increase of more than **676%**.

9       238. Then, in November 2020, after PwC had replaced E&Y as Brooge’s  
10 auditor, it was determined that the FY2019 financials “should no longer be relied  
11 upon because the Company had concluded that the warrants issued by it should have  
12 been accounted for as a derivative liability rather than equity” (FY2020 Form 20-F).  
13 To correct this error, equity was reduced by roughly \$15.7 million and current  
14 liabilities were increased by the same amount.

15       239. Both of these prior restatements were significant red flags. The  
16 “[r]estatement of previously issued financial statements to reflect the correction of a  
17 material misstatement” is a noted indicator of a material weakness in internal control  
18 over financial reporting<sup>62</sup> and should have prompted the Auditor Defendants to  
19 undertake a more thorough investigation.

20       **E. Going Concern Uncertainty (E&Y)**

21       240. In the Proxy, E&Y acknowledged that there was a material uncertainty  
22 as to whether or not Brooge could continue as a going concern. *See* ¶¶159, 171,  
23 *supra*. By management’s calculation, “[a]s of June 30, 2019 and December 31,  
24 2018, the Company’s current liabilities exceeded its current assets by **\$101,547,022**  
25 and **\$108,536,113**, respectively.” Brooge was in technical default on at least one of  
26 its loans, though the lender had not called an event of default as negotiations were  
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28 <sup>62</sup> AS 2201.69.

1 ongoing. To attempt to stave off another default, Brooge had even pledged proceeds  
2 from the Business Combination to the lender, placing it in a situation where Brooge  
3 **needed** the Business Combination to close to avoid bankruptcy. This kind of  
4 pressure increased the likelihood that Brooge's management would falsify or  
5 embellish financials to make the Business Combination more attractive to investors  
6 and constituted another red flag.

7 241. The Company's tenuous ability to continue as a going concern  
8 remained in question even after the Business Combination closed, however. The  
9 situation was rife with irregularities, of which E&Y was fully aware.

10 242. At the April 9, 2020 Audit Committee meeting convened at E&Y's  
11 request and attended by E&Y partner O'Sullivan, E&Y senior manager Syed Asad  
12 Swaleh, and Defendant Yammout, E&Y identified Brooge's ability to continue as a  
13 going concern as an area of "audit emphasis." The minutes reflect the gravity of the  
14 Company's situation, as recognized by the auditors:

15 The auditors emphasized that the larger issue about going concern is  
16 the fact that the Company is in **continual non-compliance** with regards  
17 to its phase 1 term loan agreement with FAB [First Abu Dhabi  
18 Bank]....Subsequent to year end [2019], BPGIC [FZE] defaulted on the  
scheduled payment in February 2020 and are renegotiating the loan  
with the bank.

19 243. According to the minutes, "the auditors noted that they [we]re  
20 expecting to receive an appropriately worded 'letter of support' from the  
21 shareholders[] in order to potentially issue an unqualified audit opinion with regards  
22 to going concern [status], assuming a worst-case scenario of the lender accelerating  
23 the loan instalments due to the contractual default." Even the auditors recognized,  
24 however, that this was irregular; they "informed the Committee that it could be  
25 unusual for the Directors[] of a public Company to rely only on the 'letter of support'  
26 from shareholders to assess the Going Concern aspect of the Company."

27 244. More concerning was the fact that Brooge remained in non-compliance  
28 even though, per the minutes, "the Company had funds available in its bank

accounts,” but per Defendant Yammout, had “elected not to pay these contractual repayment amounts.” When Defendant Yammout was asked by one of the independent directors on the Audit Committee why this was the case, Defendant Yammout attributed this to “multiple factors,” naming “cash disbursements towards other major expenses incurred with respect to the previous UK and US IPO expenses, IR [likely ‘investor relations’ or ‘investor roadshow’] expenses,” and the “Phase 2 construction & Phase 3 preliminary studies.”

245. E&Y was also aware—because the Audit Committee chairman referenced it during the meeting, per the same April 9, 2020 meeting minutes—that Brooge’s management had requested, “as part of the Q1 dividend proposal, that the Board approve and sign off on disclosures stating that the Company [wa]s in full compliance with respect to its payment obligations as and when it f[ell] due,” even though the “*actual fact...was that the Company had defaulted on contractual loan repayments* and that the Independent Directors were not aware of such material facts.” In short: E&Y knew that Brooge’s management had *asked Brooge’s independent Board members to lie* and report that it was in compliance with its payment obligations when the opposite was true. This was yet another serious red flag.

246. In ignoring these red flags when conducting its audits, E&Y intentionally and/or recklessly violated the PCAOB Standards as described above in ¶209, (a)-(b), (d)-(f).

**IV. These Red Flags Support a Strong Inference That the Auditor Defendants Intentionally and/or Recklessly Violated the Accounting Standards They Were Bound to Follow**

247. PCAOB Standards require that the Auditor Defendants, during all times complained of herein, perform procedures necessary to identify and respond to risks that Brooge’s financial statements could be materially misstated. The Auditor

Defendants intentionally and/or recklessly ignored these standards by failing to take into account specific risks as described in more detail above.

248. Despite the heightened risks from each of the red flags, the Auditor Defendants failed to take actions that they should have taken, all of which resulted in the issuance of false and misleading audit opinions and resulting in damages to the Class members. The actions taken should have included gathering sufficient appropriate audit evidence in response to these significant risks of material misstatement, as required by the PCAOB Standards set forth above. Had the Auditor Defendants taken such steps, the audit evidence would have demonstrated the existence of material violations of IFRS in Brooge's financials, as well as the issuance of false and misleading statements by Brooge. As just one example, had the Auditor Defendants contacted the Phase I Customer—the customer purportedly responsible for 100% of Brooge's revenue through July 2019—they would have learned that the Phase I Customer *never stored any oil with Brooge and never made any payments to Brooge*.<sup>63</sup>

249. Moreover, the sheer size of the fraud contributes to a strong inference of the Auditor Defendants' scienter. Brooge's revenues for FY2018-2020 were overstated by massive amounts: **82.18%** (2018), **63.97%** (2019), and **35.00%** (2020). This was not a fraud that was easy to overlook.

250. The consequence of the failure by the Auditor Defendants to have followed applicable PCAOB Standards, as they were bound to follow, was to exaggerate Brooge's true financial condition by showing false financial success and growth.<sup>64</sup> As a consequence, the Auditor Defendants intentionally or recklessly

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<sup>63</sup> C&D Order ¶15.

<sup>64</sup> E&Y in particular enabled the fraud to continue. Audit Committee meeting minutes from July 7, 2020 (a meeting convened at the specific request of E&Y partner O'Sullivan) reported O'Sullivan as stating that E&Y was "in internal discussions to assess continuation as statutory auditors of the Company, given the various issues faced during the audit for 2019." Though E&Y did, in fact, withdraw as Brooge's statutory auditor—apparently due to the "various issues" it identified

disregarded that Brooge's consolidated financial statements were false and misleading as discussed in more detail above.

**PLAINTIFF'S CLASS ACTION ALLEGATIONS**

251. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class consisting of all those who purchased or otherwise acquired publicly traded securities of Brooge during the Class Period (the "Class"), and were damaged upon the revelation of the alleged corrective disclosures. Excluded from the Class are Defendants herein; the officers and directors of the Company, at all relevant times; and members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

252. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Brooge common stock was actively traded on the NASDAQ, and the Brooge warrants were also registered on the NASDAQ. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Brooge or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

253. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

and discussed herein—it nonetheless consented to the use of its earlier audit opinions in the Form F-3 Registration Statement filed on April 19, 2021. In exchange, E&Y got another \$147,000 (USD) in fees from Brooge. As noted above in ¶232, PwC later gained access to the same July 7, 2020 meeting minutes in which E&Y purportedly aired these concerns. Yet PwC, too, allowed and enabled the fraud to continue by ignoring the red flags described at length above.



1           254. Plaintiff will fairly and adequately protect the interests of the members  
2 of the Class and has retained counsel competent and experienced in class and  
3 securities litigation. Plaintiff has no interests antagonistic to or in conflict with those  
4 of the Class.

5           255. Common questions of law and fact exist as to all members of the Class  
6 and predominate over any questions solely affecting individual members of the  
7 Class. Among the questions of law and fact common to the Class are:

- 8                   (a) whether the federal securities laws were violated by Defendants’  
9 acts as alleged herein;
- 10                   (b) whether statements made by Defendants to the investing public  
11 during the Class Period misrepresented material facts about the  
12 business, operations and management of Brooge;
- 13                   (c) whether the Individual Defendants caused Brooge to issue false  
14 and misleading financial statements during the Class Period;
- 15                   (d) whether Defendants acted knowingly or recklessly in issuing  
16 false and misleading financial statements;
- 17                   (e) whether the price of publicly traded securities of Brooge was  
18 inflated during the Class Period due to Defendants’ conduct  
19 complained of herein; and
- 20                   (f) whether the members of the Class have sustained damages and,  
21 if so, what is the proper measure of damages.

22           256. A class action is superior to all other available methods for the fair and  
23 efficient adjudication of this controversy since joinder of all members is  
24 impracticable. Furthermore, as the damages suffered by individual Class members  
25 may be relatively small, the expense and burden of individual litigation make it  
26 impossible for members of the Class to individually redress the wrongs done to them.  
27 Finally, there will be no difficulty in the management of this action as a class action.  
28

**APPLICABILITY OF THE FRAUD-ON-THE-MARKET AND**  
**AFFILIATED UTE PRESUMPTIONS OF RELIANCE**

257. The market for Brooge's publicly traded securities was open, well developed, and efficient at all relevant times. As a result of Defendants' materially false or misleading statements and material omissions, the Company's securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired the Company's securities, relying on the integrity of the market price of such securities and on publicly available market information relating to Brooge. Plaintiff and Class members have been damaged thereby.

258. During the Class Period, the artificial inflation of the value of Brooge's publicly traded securities was caused by the material misrepresentations and omissions alleged in this Complaint, thereby causing the damages sustained by Plaintiff and other Class members. As alleged herein, during the Class Period, Defendants made, or caused to be made, a series of materially false or misleading statements about the Company's business, revenue, and operations, causing the price of the Company's securities to be artificially inflated at all relevant times. When the truth was disclosed, it drove down the value of the Company's securities, causing Plaintiff and other Class members that had purchased the securities at artificially inflated prices to be damaged as a result.

259. At all relevant times, the market for Brooge's publicly traded securities was efficient for the following reasons, among others:

- (a) Brooge securities met the requirements for listing and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- (b) As a regulated issuer, Brooge filed periodic public reports with the SEC and/or the NASDAQ; and

1 (c) Brooge regularly communicated with public investors via  
2 established market communication mechanisms, including  
3 through regular dissemination of press releases and through other  
4 wide-ranging public disclosures, such as communications with  
5 the financial press and other similar reporting services.

6 260. Based on the foregoing, during the Class Period, the market for  
7 Brooge's publicly traded securities promptly digested information regarding the  
8 Company from all publicly available sources and reflected such information in the  
9 price of Brooge stock. Under these circumstances, the market for Brooge's  
10 securities was efficient during the Class Period and, therefore, investors' purchases  
11 of Brooge's securities at artificially inflated market prices give rise to a Class-wide  
12 presumption of reliance under the fraud-on-the-market doctrine.

13 261. A Class-wide presumption of reliance is also appropriate in this action  
14 under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. U.S.*, 406  
15 U.S. 128 (1972) because the Class's claims are, in large part, grounded in  
16 Defendants' material misstatements and/or omissions, which concealed that:

17 (a) Defendants' revenue was grossly overstated for FY2018,  
18 FY2019, and FY2020; and

19 (b) To support the overstated revenue, Defendants engaged in a fake  
20 invoicing scheme with a related party, BIA.

21 262. Because this action involves Defendants' failure to disclose material  
22 adverse information regarding the Company's business, operations, and prospects—  
23 information that Defendants were obligated to disclose during the Class Period but  
24 did not—positive proof of reliance is not a prerequisite to recovery. All that is  
25 necessary is that the facts withheld be material in the sense that a reasonable investor  
26 might have considered them important in the making of investment decisions. Given  
27 the importance of the Class Period material misstatements and omissions set forth  
28 above, that requirement is satisfied here.

**NO SAFE HARBOR**

263. The statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the statements alleged to be false or misleading herein that relate to then-existing facts and conditions, nor does it apply to any material omissions alleged herein. To the extent that statements alleged to be false or misleading are characterized as forward-looking, the statutory safe harbor does not apply to such statements because they were not sufficiently identified as “forward-looking statements” when made, there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the forward-looking statements, and Defendants had actual knowledge that the forward-looking statements were materially false or misleading at the time each such statement was made.

264. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading and/or the forward-looking statement was authorized or approved by an executive officer of Brooge who knew that the statement was false when made.

**COUNTS**

**Count I  
(Violations of Section 10(b) of the Exchange Act and  
Rule 10b-5 Promulgated Thereunder Against the Brooge Defendants)**

265. Plaintiff repeats and re-alleges each and every allegation contained above as if fully set forth herein.

266. This Count is asserted against the Brooge Defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. §78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

1           267. During the Class Period, the Brooge Defendants engaged in a plan,  
2 scheme, conspiracy and course of conduct, pursuant to which they knowingly or  
3 recklessly engaged in acts, transactions, practices and courses of business which  
4 operated as a fraud and deceit upon Plaintiff and the other members of the Class;  
5 made various untrue statements of material facts and omitted to state material facts  
6 necessary in order to make the statements made, in light of the circumstances under  
7 which they were made, not misleading; and employed devices, schemes and artifices  
8 to defraud in connection with the purchase and sale of securities. Such scheme was  
9 intended to, and, throughout the Class Period, did: (i) deceive the investing public,  
10 including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate  
11 and maintain the market price of the publicly-traded securities of Brooge; and (iii)  
12 cause Plaintiff and other members of the Class to purchase or otherwise acquire the  
13 publicly-traded securities of Brooge at artificially inflated prices. In furtherance of  
14 this unlawful scheme, plan and course of conduct, the Brooge Defendants, and each  
15 of them, took the actions set forth herein.

16           268. Pursuant to the above plan, scheme, conspiracy and course of conduct,  
17 each of the Brooge Defendants participated directly or indirectly in the preparation  
18 and/or issuance of SEC filings, press releases and other statements and documents  
19 described above that were designed to influence the market for the publicly traded  
20 securities of Brooge. Such reports, filings, releases and statements were materially  
21 false and misleading in that they failed to disclose material adverse information and  
22 misrepresented the truth about Brooge's finances, business, and prospects.

23           269. By virtue of their positions at Brooge, the Brooge Defendants had  
24 actual knowledge of the materially false and misleading statements and material  
25 omissions alleged herein and intended thereby to deceive Plaintiff and the other  
26 members of the Class; or, in the alternative, the Brooge Defendants acted with  
27 reckless disregard for the truth in that they failed or refused to ascertain and disclose  
28 such facts as would reveal the materially false and misleading nature of the

1 statements made, although such facts were readily available to the Brooge  
2 Defendants. Said acts and omissions of the Brooge Defendants were committed  
3 willfully or with reckless disregard for the truth. In addition, each of the Brooge  
4 Defendants knew or recklessly disregarded that material facts were being  
5 misrepresented or omitted as described above.

6 270. Information showing that the Brooge Defendants acted knowingly or  
7 with reckless disregard for the truth is peculiarly within the Brooge Defendants'  
8 knowledge and control. As the senior managers and/or directors of Brooge, the  
9 Brooge Defendants had knowledge of the details of Brooge's internal affairs.

10 271. The Brooge Defendants are liable both directly and indirectly for the  
11 wrongs complained of herein. Because of their positions of control and authority,  
12 they were able to and did, directly or indirectly, control the content of the statements  
13 of Brooge. As officers and/or directors of a publicly held company, the Executive  
14 Defendants had a duty to disseminate timely, accurate, and truthful information with  
15 respect to Brooge's businesses, operations, future financial condition and future  
16 prospects. As a result of the dissemination of the aforementioned false and  
17 misleading reports, releases and public statements, the market price of the publicly  
18 traded securities of Brooge was artificially inflated throughout the Class Period. In  
19 ignorance of the adverse facts concerning Brooge's business and financial condition  
20 which were concealed by the Brooge Defendants, Plaintiff and the other members  
21 of the Class purchased or otherwise acquired publicly-traded securities of Brooge at  
22 artificially inflated prices and relied upon the price of the securities, the integrity of  
23 the market for the securities and/or upon statements disseminated by the Brooge  
24 Defendants, and were damaged thereby.

25 272. During the Class Period, Brooge securities were traded on an active and  
26 efficient market. Plaintiff and the other members of the Class, relying on the  
27 materially false and misleading statements described herein, which the Brooge  
28 Defendants made, issued, or caused to be disseminated, or relying upon the integrity



1 of the market, purchased or otherwise acquired publicly traded securities of Brooge  
2 at prices artificially inflated by the Brooge Defendants' wrongful conduct. Had  
3 Plaintiff and the other members of the Class known the truth, they would not have  
4 purchased or otherwise acquired said securities or would not have purchased or  
5 otherwise acquired them at the inflated prices that were paid. At the time of the  
6 purchases and/or acquisitions by Plaintiff and the Class, the true value of the publicly  
7 traded securities of Brooge was substantially lower than the prices paid by Plaintiff  
8 and the other members of the Class. The market price of Brooge common stock, and  
9 the corresponding valuation of the warrants, declined sharply upon public disclosure  
10 of the facts alleged herein to the injury of Plaintiff and Class members.

11 273. By reason of the conduct alleged herein, the Brooge Defendants  
12 knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the  
13 Exchange Act and Rule 10b-5 promulgated thereunder.

14 274. As a direct and proximate result of the Brooge Defendants' wrongful  
15 conduct, Plaintiff and the other members of the Class suffered damages in  
16 connection with their respective purchases, acquisitions and sales of the Company's  
17 securities during the Class Period, upon the disclosure that the Company had been  
18 disseminating misrepresented financial statements to the investing public.

19 **Count II**  
20 **(Violations of Section 20(a) of the Exchange Act**  
21 **Against the Individual Defendants)**

22 275. Plaintiff repeats and re-alleges each and every allegation contained in  
23 the foregoing paragraphs as if fully set forth herein.

24 276. During the Class Period, the Executive Defendants participated in the  
25 operation and management of Brooge, and conducted and participated, directly and  
26 indirectly, in the conduct of Brooge's business affairs. Because of their senior  
27 positions, they knew the adverse non-public information about Brooge's  
28 misstatement of revenues and false financial statements.

1           277. As officers and/or directors of a publicly owned company, the  
2 Executive Defendants had a duty to disseminate accurate and truthful information  
3 with respect to Brooge's financial condition and operations, and to correct promptly  
4 any public statements issued by Brooge which had become materially false or  
5 misleading.

6           278. Because of their positions of control and authority as senior officers,  
7 the Executive Defendants were able to, and did, control the contents of the various  
8 reports, press releases and public filings which Brooge disseminated in the  
9 marketplace during the Class Period concerning Brooge's results of operations.  
10 Throughout the Class Period, the Executive Defendants exercised their power and  
11 authority to cause Brooge to engage in the wrongful acts complained of herein.

12           279. The Executive Defendants, therefore, were "controlling persons" of  
13 Brooge within the meaning of Section 20(a) of the Exchange Act. In this capacity,  
14 they participated in the unlawful conduct alleged which artificially inflated the  
15 market price of Brooge's publicly traded securities.

16           280. Each of the Executive Defendants, therefore, acted as a controlling  
17 person of Brooge. By reason of their senior management positions and/or being  
18 directors of Brooge, each of the Executive Defendants had the power to direct the  
19 actions of, and exercised the same to cause, Brooge to engage in the unlawful acts  
20 and conduct complained of herein. Each of the Executive Defendants exercised  
21 control over the general operations of Brooge and possessed the power to control the  
22 specific activities which comprise the primary violations about which Plaintiff and  
23 the other members of the Class complain.

24           281. Furthermore, during the Class Period but prior to the Business  
25 Combination, Defendant Elkin participated in the operation and management of  
26 Twelve Seas as its CFO, and conducted and participated, directly and indirectly, in  
27 the conduct of Twelve Seas' business affairs. Because of his senior position, he  
28

1 knew the adverse non-public information about Twelve Seas' misstatement of  
2 Brooge's (then BPGIC FZE's) revenues and false financial statements.

3 282. As the officer of a publicly owned company, Defendant Elkin had a  
4 duty to disseminate accurate and truthful information with respect to the proposed  
5 Business Combination that Twelve Seas was asking its shareholders to approve, and  
6 to correct promptly any public statements issued by Twelve Seas which had become  
7 materially false or misleading.

8 283. Because of his position of control and authority as a senior officer,  
9 Defendant Elkin was able to, and did, control the contents of the various reports,  
10 press releases and public filings which Twelve Seas disseminated in the marketplace  
11 during the Class Period (but prior to the Business Combination) concerning  
12 Brooge's (then BPGIC FZE's) results of operations. Throughout the Class Period,  
13 Defendant Elkin exercised his power and authority to cause Twelve Seas to engage  
14 in the wrongful acts complained of herein.

15 284. Defendant Elkin, therefore, was a "controlling person" of Twelve Seas  
16 within the meaning of Section 20(a) of the Exchange Act. In this capacity, he  
17 participated in the unlawful conduct alleged which artificially inflated the market  
18 price of Twelve Seas', and then Brooge's, publicly traded securities.

19 285. Specifically, during the Class Period (but before the Business  
20 Combination), Twelve Seas, on its own and through its officers and directors  
21 (including Defendant Elkin), engaged in a plan, scheme, conspiracy and course of  
22 conduct, pursuant to which it knowingly or recklessly engaged in acts, transactions,  
23 practices and courses of business which operated as a fraud and deceit upon Plaintiff  
24 and the other members of the Class; made various untrue statements of material facts  
25 and omitted to state material facts necessary in order to make the statements made,  
26 in light of the circumstances under which they were made, not misleading; and  
27 employed devices, schemes and artifices to defraud in connection with the purchase  
28 and sale of securities. Such scheme was intended to, and, throughout the Class

1 Period, did: (i) deceive the investing public, including Plaintiff and other Class  
2 members, as alleged herein; (ii) artificially inflate and maintain the market price of  
3 the publicly-traded securities of Twelve Seas; and (iii) cause Plaintiff and other  
4 members of the Class to purchase or otherwise acquire the publicly-traded securities  
5 of Twelve Seas at artificially inflated prices. In furtherance of this unlawful scheme,  
6 plan, and course of conduct, Twelve Seas, on its own and through its officers and  
7 directors (including Defendant Elkin), took the actions set forth herein.

8       286. Pursuant to the above plan, scheme, conspiracy and course of conduct,  
9 Twelve Seas participated directly or indirectly in the preparation and/or issuance of  
10 SEC filings, press releases and other statements and documents described above that  
11 were designed to influence the market for the publicly traded securities of Twelve  
12 Seas. Such reports, filings, releases and statements were materially false and  
13 misleading in that they failed to disclose material adverse information and  
14 misrepresented the truth about BPGIC FZE's finances, business, and prospects.

15       287. Twelve Seas and, by virtue of their positions at Twelve Seas, Twelve  
16 Seas' officers and directors (including Defendant Elkin), had actual knowledge of  
17 the materially false and misleading statements and material omissions alleged herein  
18 and intended thereby to deceive Plaintiff and the other members of the Class, or, in  
19 the alternative, Twelve Seas, on its own and through its officers and directors  
20 (including Defendant Elkin), acted with reckless disregard for the truth in that they  
21 failed or refused to ascertain and disclose such facts as would reveal the materially  
22 false and misleading nature of the statements made, although such facts were readily  
23 available to them. Said acts and omissions of Twelve Seas, on its own and through  
24 its officers and directors (including Defendant Elkin), were committed willfully or  
25 with reckless disregard for the truth. In addition, Twelve Seas, on its own and  
26 through its officers and directors (including Defendant Elkin), knew or recklessly  
27 disregarded that material facts were being misrepresented or omitted as described  
28 above.

1           288. Information showing that Twelve Seas, on its own and through its  
2 officers and directors (including Defendant Elkin), acted knowingly or with reckless  
3 disregard for the truth is peculiarly within their knowledge and control. Twelve  
4 Seas' officers and directors had knowledge of the details of Twelve Seas' internal  
5 affairs and Twelve Seas' evaluation of BPGIC FZE.

6           289. Twelve Seas had a duty to disseminate timely, accurate, and truthful  
7 information with respect to its businesses, operations, future financial condition and  
8 future prospects, including with respect to BPGIC FZE as the potential SPAC  
9 merger target. As a result of the dissemination of the aforementioned false and  
10 misleading reports, releases, and public statements, the market price of the publicly  
11 traded securities of Twelve Seas was artificially inflated throughout the Class Period.  
12 In ignorance of the adverse facts concerning Twelve Seas' and BPGIC FZE's  
13 business and financial condition which were concealed by Twelve Seas, Plaintiff  
14 and the other members of the Class purchased or otherwise acquired publicly traded  
15 securities of Twelve Seas at artificially inflated prices and relied upon the price of  
16 the securities, the integrity of the market for the securities, and/or upon statements  
17 disseminated by Twelve Seas, and were damaged thereby.

18           290. During the Class Period, Twelve Seas' securities were traded on an  
19 active and efficient market. Plaintiff and the other members of the Class, relying on  
20 the materially false and misleading statements described herein, which Twelve Seas  
21 made, issued, or caused to be disseminated, or relying upon the integrity of the  
22 market, purchased or otherwise acquired publicly traded securities of Twelve Seas  
23 at prices artificially inflated by Twelve Seas' wrongful conduct. Had Plaintiff and  
24 the other members of the Class known the truth, they would not have purchased or  
25 otherwise acquired said securities, or would not have purchased or otherwise  
26 acquired them at the inflated prices that were paid. At the time of the purchases  
27 and/or acquisitions by Plaintiff and the Class, the true value of the publicly traded  
28 securities of Twelve Seas was substantially lower than the prices paid by Plaintiff

1 and the other members of the Class. The market price of Twelve Seas common  
2 stock, and the corresponding valuation of the warrants, declined sharply upon public  
3 disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

4 291. By reason of the conduct alleged herein, Twelve Seas knowingly or  
5 recklessly, directly or indirectly, has violated Section 10(b) of the Exchange Act and  
6 Rule 10b-5 promulgated thereunder.

7 292. As a direct and proximate result of Twelve Seas' wrongful conduct,  
8 Plaintiff and the other members of the Class suffered damages in connection with  
9 their respective purchases, acquisitions, and sales of the Company's securities during  
10 the Class Period, upon the disclosure that the Company had been disseminating  
11 misrepresented financial statements to the investing public.

12 293. Defendant Elkin is liable for this misconduct as alleged by virtue of his  
13 role as a controlling person of Twelve Seas. By reason of his senior management  
14 position, Defendant Elkin had the power to direct the actions of, and exercised the  
15 same to cause, Twelve Seas to engage in the unlawful acts and conduct complained  
16 of herein. Defendant Elkin exercised control over the general operations of Twelve  
17 Seas and possessed the power to control the specific activities which comprise the  
18 primary violations about which Plaintiff and the other members of the Class  
19 complain.

20 294. By reason of the above conduct, the Individual Defendants are liable  
21 pursuant to Section 20(a) of the Exchange Act for the violations committed by  
22 Brooge (in the case of the Executive Defendants) and Twelve Seas (in the case of  
23 Defendant Elkin).

24 **Count III**  
25 **(Violations of Section 10(b) of the Exchange Act and**  
26 **Rule 10b-5 Promulgated Thereunder Against the Auditor Defendants)**

27 295. Plaintiff repeats and re-alleges each and every allegation contained in  
28 the foregoing paragraphs as if fully set forth herein.



1           296. The Auditor Defendants made untrue statements of material fact and/or  
2 omitted to state material facts necessary to make the statements not misleading, by  
3 use of the means or instrumentalities of interstate commerce in order to maintain  
4 artificially inflated prices for Brooge securities in violation of Section 10(b) for the  
5 Exchange Act, 15 U.S.C. § 78j(b), and Rules 10b-5.

6           297. During the Class Period, the Auditor Defendants made false and  
7 misleading statements of material fact, which were intended to and did: (a) deceive  
8 the investing public, including Plaintiff, as alleged herein; (b) artificially inflate and  
9 maintain the market for and market prices of Brooge's securities; and (c) cause  
10 Plaintiff to purchase or otherwise acquire Brooge securities at artificially inflated  
11 prices.

12           298. The Auditor Defendants acted as independent auditors for Brooge.  
13 They knew and understood that the opinions issued concerning the consolidated  
14 financial statements and reports of Brooge would be released to the investing public,  
15 and that investors would rely, and had a right to rely, on those reports and opinions.  
16 The Auditor Defendants had access to Brooge employees and continuing access to  
17 and knowledge of Brooge's confidential corporate, financial, operating, and business  
18 information. Despite this access and knowledge, the Auditor Defendants knowingly,  
19 or with extreme recklessness, perpetrated and/or concealed the accounting  
20 manipulations and other schemes undertaken, and certified without qualification and  
21 publicly represented that Brooge's financial reports were free from material  
22 misstatements, in order to fraudulently boost Brooge's reported assets and earnings.

23           299. The Auditor Defendants engaged in the fraudulent activity described  
24 above knowingly, or in such a reckless manner, as to constitute willful deceit and  
25 fraud upon Plaintiff. They knowingly or recklessly caused Brooge's and their own  
26 reports and statements to contain misrepresentations and omissions of material fact  
27 as alleged herein.



1 Dated: September 24, 2025

**SCOTT+SCOTT ATTORNEYS AT LAW LLP**

*s/ John T. Jasnoch*

2 John T. Jasnoch (CA 281605)  
3 Cornelia J. B. Gordon (CA 320207)  
4 600 W. Broadway, Suite 3300  
5 San Diego, CA 92101  
6 Telephone: 619-233-4565  
Facsimile: 619-233-0508  
jjasnoch@scott-scott.com  
cgordon@scott-scott.com

7 Amanda F. Lawrence (*pro hac vice*)  
8 156 South Main Street  
9 P.O. Box 192  
10 Colchester, CT 06413  
Telephone: (860) 537-5537  
Facsimile: (860) 537-4432  
alawrence@scott-scott.com

11 Thomas L. Laughlin, IV (*pro hac vice*)  
12 Anna Hunanyan (CA 330609)  
13 The Helmsley Building  
14 230 Park Ave., 24th Fl.  
15 New York, NY 10169  
Telephone: 212-223-6444  
Facsimile: 212-223-6334  
tlaughlin@scott-scott.com  
ahunanyan@scott-scott.com

**THE SCHALL LAW FIRM**

17 Brian J. Schall  
18 2049 Century Park East, Suite 2460  
19 Los Angeles, CA 90067  
20 Telephone: 310-301-3335  
Facsimile: 310-388-0192  
brian@schallfirm.com

21 *Counsel for Lead Plaintiff Bluefin Capital*  
22 *Management, LLC and Co-Lead Counsel*  
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24  
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**CERTIFICATE OF SERVICE**

I hereby certify that on September 24, 2025, I caused the foregoing document to be filed with the Clerk of the Court using the CM/ECF system, which will send notification of such filing to the email addresses denoted on the Electronic Mail Notice List.

Executed on September 24, 2025, at San Diego, California.

s/ John T. Jasnoch  
John T. Jasnoch (CA 281605)